

October 10 1991
pansion
says Robert Taylor

a bounce

Australia	100.00	100.00	100.00	100.00
Belgium	100.00	100.00	100.00	100.00
Canada	100.00	100.00	100.00	100.00
Denmark	100.00	100.00	100.00	100.00
France	100.00	100.00	100.00	100.00
Germany	100.00	100.00	100.00	100.00
Greece	100.00	100.00	100.00	100.00
Hong Kong	100.00	100.00	100.00	100.00
India	100.00	100.00	100.00	100.00
Italy	100.00	100.00	100.00	100.00
Japan	100.00	100.00	100.00	100.00
South Korea	100.00	100.00	100.00	100.00
Spain	100.00	100.00	100.00	100.00
Sweden	100.00	100.00	100.00	100.00
Switzerland	100.00	100.00	100.00	100.00
Taiwan	100.00	100.00	100.00	100.00
Thailand	100.00	100.00	100.00	100.00
UK	100.00	100.00	100.00	100.00
USA	100.00	100.00	100.00	100.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

BUSINESS TV
Company show keeps staff in picture
Page 12
D 8523A

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Friday October 11 1991

World News Business Summary

Gorbachev offers peace talks on Yugoslavia

Soviet president Mikhail Gorbachev intervened in the Yugoslav crisis by inviting the Serbian and Croatian leaders to Moscow for peace talks next week. Page 15

Yeltsin returns

Russian president Boris Yeltsin returned to Moscow after a two-week break in the Black Sea resort of Sochi. Earlier, a Yeltsin spokesman had denied rumours that the president was ill. Page 15

South Africa toll rises

Violence threatening to stall South African democracy talks claimed another six lives, five of them commuters killed in a roadside ambush east of Johannesburg. Page 15

Migrant camps planned

Germany's main political parties agreed that asylum-seekers will be gathered into large camps (probably former army barracks) and their applications processed within six weeks. Page 15

Cosmonauts return

Two Soviet cosmonauts and the first Austrian in space touched down safely in Kazakhstan, successfully completing an eight-day mission. Page 15

Channel tunnel 'shame'

Britain will be shamed into a high-speed railway line between London and the Channel much sooner than the UK government indicated, the head of French railways predicted. Page 15

Court clears Gelli

An Italian appeals court cleared Licio Gelli, 72, former head of the banned P2 masonic lodge, of links to a string of railway bombings between 1973 and 1984, court sources said. Page 15

Beef fraud inquiry

A criminal investigation began in Ireland into suspected fraud in the beef industry. It follows the seizure of documents at four meat processing plants operated by Europe's biggest beef processor, Goodman International. Page 2

Painting recovered

Belgian police have recovered Peasant Woman Digging, one of three van Gogh paintings stolen from a museum in the Netherlands last year. Page 2

Paris day of protest

Tens of thousands of striking actors and musicians marched through Paris in defence of social security rules which entitle them to unemployment pay even while working. Nurses and social workers marched for pay rises. Page 2

US still owes UN

The US has paid more than \$187m of its arrears to the United Nations, but still owes \$344.5m. Page 4

Asian smog puzzle

Smog in south-east Asia which has puzzled meteorologists is being blamed on forest fires in Borneo and Sumatra. Volcanic dust may be contributing to the problem. Page 15

Expensive ashtray

A bowl used for years as an ashtray fetched £30,800 (\$53,000) at Sotheby's, London. Page 15

Bowater to buy 80% of paper group for \$300m

Bowater, biggest US producer of newsprint, is to buy 80 per cent of Great Northern Paper for about \$300m from Georgia-Pacific, the world's biggest paper manufacturer. Page 15

Properties being sold

The properties being sold include a lumber company, pulp and paper mills in Maine, about 2.1m acres of woodlands and hydroelectric power facilities on the Penobscot river. Page 15

J.P. MORGAN, New York

based banker, confirmed a 79 per cent surge in third-quarter net income to \$73m. Page 15

OVERSEAS investors

in the three consortia bidding for Australia's Fairfax newspaper group will be limited to 20 per cent of voting shares, the federal Labor parliamentary caucus has decided. Page 21

HAWKER SIDDELEY, UK

engineering group facing a \$2.61bn hostile bid from conglomerate BTR, gave details of what it called a "radical restructuring" in the first round of its defence against the bid. Page 20; Lex, Page 15

UNI STOREBRAND, Norway's

biggest insurer, confirmed its intention to increase sharply its holding in Skandia, the Swedish insurer. Page 19

PERSTORP, Swedish specialty

chemicals and plastics group, reported that annual pre-tax earnings had fallen 52 per cent to SKr306m (\$50m). The company will lift its dividend from SKr4.50 to SKr5. Page 23

HOARE GOVETT, Long-run

attempts to arrange a partial buy-out of the UK broker owned by Security Pacific bank, the California-based bank, have finally collapsed. The broker must now find another bank to back it or face closure. Page 19

INVESTIGATORS at London's

troubled Futures and Options Exchange (Fox) believe they have now uncovered most, if not all, of the potentially illegal dealing by the exchange in its own contracts, and will be able to report fully to the exchange's board today. Page 23

INTEL, leading supplier of

microprocessor chips to the personal computer industry, reported third-quarter net income of \$202m, or 96 cents a share, against \$172 or 83 cents in the third quarter of 1990. Page 22

MEDEVA, fast-growing UK

pharmaceuticals company, is paying \$77m in cash and shares for Adams Laboratories, its second US purchase in six months. The deal will give Medeva its first significant marketing presence in the US. Page 25

CODELCO, the Chilean state

copper corporation, has launched a major investment drive to develop new ore bodies and counter declining production at its existing mines. Page 28

BERGSELEN, big Norwegian

shipowner, said that pre-tax profits for the first eight months of the year slipped to Nkr816m (\$123m) from Nkr831m in the previous corresponding period. The company also warned of a decline in profits for the year. Page 20

Camdessus urges industrial powers to be more generous IMF sets out debt strategy

By Peter Norman, Economics Correspondent, in Bangkok

THE WORLD'S industrial powers and big banks were yesterday urged to be far more generous to debtor nations by Mr Michel Camdessus, managing director of the International Monetary Fund.

Putting forward what amounted to an enhanced debt strategy, he called on the Group of Seven leading industrial countries to grant official debt relief to more middle income indebted countries and urged them to produce "tangible decisions" to ease the debt burden of the poorest developing countries.

He also sent a plea to official creditors and banks to do more to support those developing countries which have large debt burdens, but which so far have avoided rescheduling their debts.

Mr Camdessus, who last month was appointed unopposed to a second five-year term at the top of the IMF, acted to ease the concerns of many countries in eastern Europe and the developing world which fear that this year's IMF and World Bank annual meetings in Bangkok will be dominated by the problems of the Soviet economy.

In a bravura performance, the managing director told the large industrial countries that dominate the IMF that they must accept big changes and help the developing world.

Mr Camdessus' most sensitive proposal was that the Paris Club of creditor nations should "go the extra mile" and grant other lower middle income countries large-scale debt relief along the lines of that extended in recent months to Poland and Egypt.

The G7 countries, on the insistence of the US, have tried put a "ring fence" around these two deals. But it is understood that the IMF would like to see nations such as the Philippines and Nigeria benefit from similar arrangements.

In advocating more help for the poorest developing nations, Mr Camdessus threw his weight behind a British plan - known as the Trinidad Terms - to cut the official debt burden of many, mainly very poor African countries by two thirds.

His plea for the banks and official creditors to help nations that have not rescheduled was motivated primarily by the problems of India. But easing the developing world's debt burdens was not enough, Mr Camdessus insisted. He also called on the industrialised countries to reduce trade barriers and complete the Uruguay Round of trade liberalisation talks.

Underlining that "financing is good, trade is better," he pointed out that some 45 developing countries had unilaterally opened their markets in recent years and it was time for the industrial world to follow suit.

He invited the international community to take advantage of the reduction in global tension to channel excessive spending on arms into more productive investment.

The report says Dillon Read signed an agreement with the fund on June 16 1989 to buy back Polish debt and the bank conducted such operations until August 14 1990.

Fozz had signed a similar agreement with Shearson Lehman Hutton on May 16 1989, but the New York bank failed to undertake the operations as agreed and Dillon Read took over.

Earlier, however, Mr Jay Newman, a director at Shearson Lehman Hutton, had written to the Polish government offering his bank's services in Poland's attempts to reduce its debt. His letter, dated February 6 1989, recognised that "under most loan agreements and restructuring packages it is not permissible for the debtor to pay its debt directly from its holders unless the purchase price is shared by the holders with every creditor... There are however a variety of effective ways to do this."

Mr Camdessus' plea for more generosity from industrial powers comes as the IMF prepares to release its annual report on the global debt crisis, which is expected to be published next week.

The report will provide a comprehensive overview of the world's debt situation, including the latest data on official and private external debt, and will also set out the IMF's strategy for dealing with the crisis.

Mr Camdessus stressed that the IMF's role is not to impose conditions on debtor nations, but to help them to negotiate with their creditors and to develop sustainable growth strategies.

He also warned that if the current debt crisis is not resolved, it could lead to a global economic recession, which would have serious implications for the world's poor.

Mr Camdessus concluded by urging industrial powers to be more generous to debtor nations, and to support the IMF's efforts to resolve the crisis.

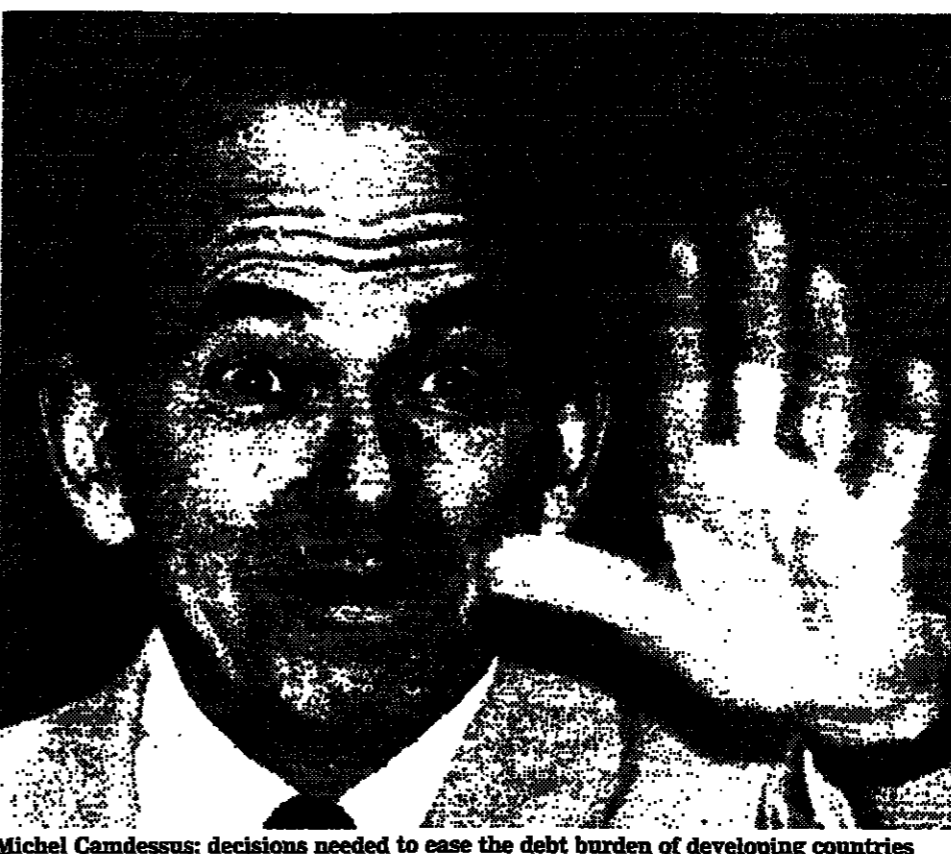
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Michel Camdessus: decisions needed to ease the debt burden of developing countries

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Polish report links US bank to debt buy-backs

By Christopher Bobinski in Warsaw

AN OFFICIAL Polish report on the activities of Fozz, the country's foreign debt service fund, has identified Dillon Read, the US investment bank, as being involved in secret Fozz operations to buy back debt owed by the country to commercial banks.

The buy-back activities were against the terms of a debt restructuring agreement between Poland and its creditor banks.

Mr Grzegorz Zemek, former head of the fund, and his deputy, Ms Janina Chim, have been arrested on charges of misappropriation of state funds, while Mr Janusz Sawicki, the deputy finance minister responsible for Fozz, has been forced to resign in the wake of the scandal.

The report on the fund, which was ordered to cease its buy-back activities last year and was later wound up, was undertaken by the Supreme Chamber of Control (NIK), an investigating body, and sent last week to parliament to which NIK is responsible.

A few days later, Mr Wlodzimierz Panko, the newly appointed NIK chairman, died in a car accident which has yet to be explained. His death has heightened speculation over the affair.

The Fozz operation aimed to buy back Polish debt on the secondary market, where it was trading in early 1989 at some 35 per cent of face value.

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Krupp links with Hoesch could lead to full merger

By Andrew Fisher in Düsseldorf and Charles Leadbeater in London

FRIED. KRUPP yesterday confirmed it had bought a 24.9 per cent stake in Hoesch, its fellow German industrial group, in a move which could lay the foundations for the creation of a powerful new force in the European steel and engineering industries.

Krupp's move is almost certain to provoke controversy about German companies' openness to foreign investment. Krupp said it was motivated by concern that Hoesch might fall into the hands of a foreign group.

The purchase of the stake could pave the way for a full-scale merger of the two groups' steel and engineering interests with combined turnover of DM26bn (\$16.5bn).

The most likely European groups to attempt to link with Hoesch are British Steel, which is keen to reduce its reliance upon the UK market, and French state-owned Usinor Sacilor.

British Steel would not comment officially on whether it has held talks with Hoesch. But directors report that German steel groups have become increasingly willing to discuss cross-border collaboration in the past six months, as the German market has been hit by intense price competition.

It is thought that as well as conducting talks with Hoesch, British Steel has been in discussion with Thyssen, the second German producer, on areas of collaboration as well as smaller producers such as Klockner.

The alliance between Krupp and Hoesch, combined with the talks underway between other German steel groups and potential foreign partners, could set the scene for a far-reaching restructuring of the German steel industry which accounts for about a third of west European production.

Krupp bought its stake in Hoesch for about DM500m when it became aware other holdings were being built up. Mr Gerhard Cromme, Krupp's chief executive, said:

"We wanted to prevent any third parties from taking a stake in the company. We believe it is better for a neighbour to do this than someone from a far country." Krupp is based in Essen and Hoesch in Dortmund, both in the Ruhr industrial area.

Mr Cromme said that if a new shareholder bought into Hoesch, this could have prevented the two companies realising their joint plans for joint activities in engineering, steel, trading and auto components.

He gave no details of how a merger would proceed. Progress would also depend on approval from the EC Commission and the Federal Cartel Office in Berlin.

Christopher Parkes adds: Hoesch workers yesterday attacked the "Mafia methods" of Krupp, and claimed thousands would lose their jobs if the deal, dubbed by German unions as a marriage of the elephants, went ahead.

Background, Page 19

Major predicts rise in Tory fortunes

By Philip Stephens, Political Editor, in Blackpool

MR JOHN MAJOR, the British prime minister, will today reassure activists in the ruling Conservative party that the emergence of the UK economy from recession will bring a strong recovery in their political fortunes before the general election due by mid-1992.

Speaking on the final day of the party's annual conference in Blackpool, Mr Major will seek to rebuild confidence in the government after a week in which its political misfortunes have pushed sterling to the bottom of the European exchange rate mechanism.

The announcement this morning of another fall in Britain's inflation rate to about 4 per cent in October from 4.7 per cent last month will be seized on by Mr Major as evidence that he has turned the tide of rising prices.

Earlier this week, internal divisions over Europe and a strong attack by the opposition Labour party on Mr Major's intentions towards the health service triggered speculation about a reshuffle of the government.

Yesterday, however, a series of senior ministers sought to return the ruling party to the political offensive with pledges that the community charge which pays for local services, would soon be abolished and that there would be no change in health care funding.

Conference, Page 10; Tory music hall, Page 17

Weekend FT
Tomorrow:
Marbella's Mr Big:
the fantastic world
of Jesús Gil (right)



The mama state:
weaning Italians
from the mafia

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EUROPEAN NEWS

Rocard brands de Havilland veto 'a crime'

By William Dawkins in Paris

THE European Commission's veto of the Franco-Italian bid for de Havilland, the ailing Canadian aircraft-maker, was condemned yesterday as a "crime against Europe" by Mr Michel Rocard, the former French prime minister.

His statement coincided with demands by the French government and Aérospatiale, the state aerospace group, for the Commission to re-examine the decision, which has outraged all the main political parties. Paris is increasingly questioning the strict general application of EC competition rules and argues that fostering the European aircraft industry is more important than curbing cartels. Mr Rocard followed a similar line, arguing that it was wrong to ban the creation of a dominant position in Europe, given that the aircraft industry faced global rather than regional competition.

Sir Leon Brittan, the competition commissioner, reminded France in an article in *Le Monde* newspaper yesterday that the Commission was only carrying out its job of transcending narrow national interests to build a stronger Europe.

The de Havilland affair is the latest example of France's growing disaffection with aspects of the European Community, underlined by mass demonstrations against farm policy reform and unhappiness over the recent agreement with Tokyo to liberalise car imports. "One of the big uncertainties

which disrupts our continent, and notably France, hangs largely on the fact that one no longer knows who is deciding for Europe or where it is going to," Mr Rocard wrote in a magazine article.

His statement, his first public declaration since resigning in May, also marks a significant step in the pre-election jostling now starting in French politics. Regional polls next March are likely to crystallise the issues on which the general election will be fought in 1993, in which analysts reckon the governing Socialists, on present showing, will be thrashed. This in turn will influence the presidential elections in 1995.

The row has allowed Mr Rocard indirectly to criticise Mr Jacques Delors, the Commission president and his increasingly popular main rival for the Socialist presidential candidacy. Mr Delors was yesterday demonstrated in an opinion poll as the left's best potential presidential candidate, with a 39 per cent score. Mr Rocard came second with 20 per cent.

The same poll, which was carried out on the two days following the Commission's decision on de Havilland, also indicated that Mr Delors was beat either of the moderate right's most likely candidates, Mr Valéry Giscard d'Estaing and Mr Jacques Chirac, in the second round of a presidential election. Mr Rocard would lose to both Mr Chirac and Mr Giscard d'Estaing.

French gas chief attacks Brittan

SIR LEON BRITAN is jeopardising the development of a world gas market by insisting on opening up Europe to greater competition, in the view of Mr Francis Guitman, president of Gaz de France, the French gas monopoly, writes Michael Bond.

The European Community competition commissioner wrote in August to all EC member states except Germany and Luxembourg demanding that they defend their gas or electricity import and export monopolies. He gave them two months to reply.

Mr Guitman who also heads Euragas, the European gas industry association, believes EC plans to offer all companies wider access to the European gas grid could stifle investment. The European gas industry, outside the UK, has been a strong opponent of the EC's liberalisation of the market, arguing that com-

panies need large monopoly profits to invest in long-term development.

"Everywhere in the world, natural gas is becoming a fundamental energy source for economic life." But if there is to be a truly worldwide gas market, Mr Guitman said "it is essential to avoid the kind of errors that European decision-makers could commit in putting the brakes on investments. It's important to construct the Europe of the 21st Century, not of the 18th."

Brussels argues that deregulation of gas has been a success in the US. But Mr Guitman disagrees. "There is a stagnation in investments (in the US)", he says.

In the next 10 years, he says, central and east European countries will require at least £120bn for gas exploration and investment in distribution. Without large monopolies that investment might not be forthcoming.

Paris under pressure over pay demands

By William Dawkins in Paris

THE French government yesterday faced growing discontent among public service workers, as nurses and social security assistants staged separate demonstrations in Paris.

An estimated 6,000 nurses, according to police, marched on the Elysée palace, President François Mitterrand's residence, in support of claims for extra staff and pay, plus better working conditions.

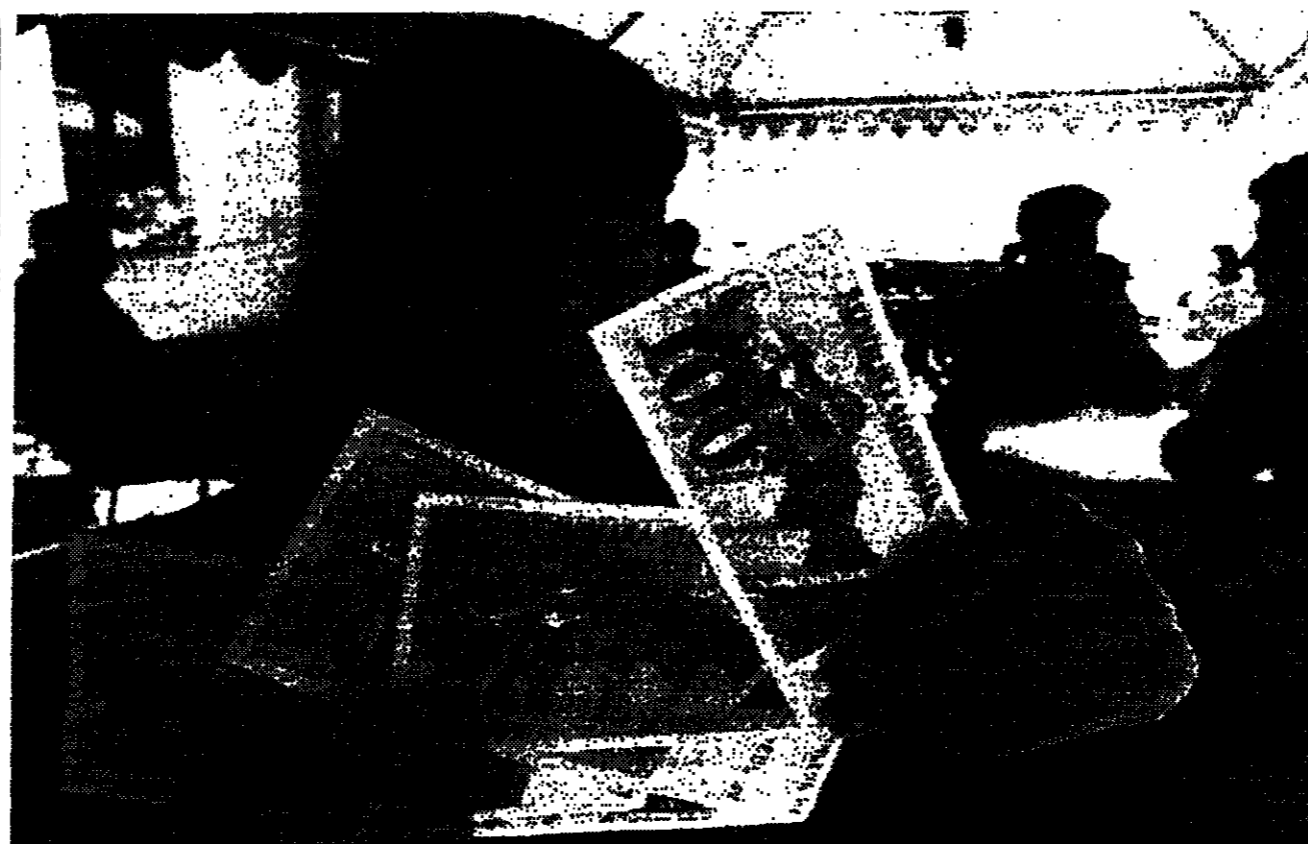
At the same time, about 4,000 social security assistants demonstrated outside the Matignon headquarters of Mrs Edith Cresson, the prime minister, in pursuit of a pay claim and better recognition of professional qualifications.

Separately, unemployed artists - estimated at "several thousand" by the police -

marched through the centre of the capital to complain about inadequate unemployment benefits. Another demonstration is expected tomorrow, this time by teachers angered at restraints on education spending in next year's budget.

The latest series of demonstrations increases pressure on the government, just as it is in the middle of the annual wage round with civil service unions, which have been offered a 6 per cent increase and are claiming 7.5 per cent.

The government is trying to keep a tight rein on the budget deficit, not helped by its announcement on Wednesday night of a FF1.3bn (£131.5m) rescue plan for farmers, 150,000 of whom staged a protest in Paris at the end of last month.



A Slovene woman gets the feel yesterday of the break-away republic's new money, the tolar

Russia cracks whip over its rebellious republic

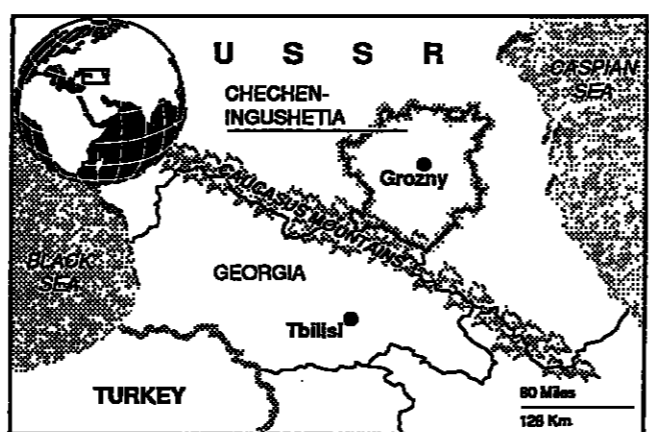
By Neil Buckley in Moscow

RUSSIA'S parliament yesterday threatened military action unless opposition forces who have overrun government buildings in the autonomous republic of Chechen-Ingushetia laid down their arms.

The 13,000-strong north Caucasian republic, home to a mix of ethnic peoples, is the latest ethnic flashpoint to emerge as the Soviet Union disintegrates. It leaves the Russian government with the problem of trying to hold its territory

together without resorting to force, raising the same kind of problems with the autonomous republics as the Soviet Union had with the union republics.

The opposition forces have declared independence from Russia and yesterday called for the mobilisation of the national guard, and all men aged 15 to 55. The opposition leader, Mr Jokhar Dudaev, said the Russian parliament's statement was tantamount to a declaration of war.



German new car sales fall again

By Kevin Done, Motor Industry Correspondent

AN IMPORTANT change in the pattern of new car sales in western Europe is emerging with both the French and Spanish markets showing signs of a modest recovery in September, while the German market continued to weaken.

Germany has been the mainstay of the western European new car market this year, but in September sales fell by 1.2 per cent to 235,000 from 238,000 in the same month a year ago, according to industry estimates. In August the German market suffered a heavy year-on-year fall of 20.1 per cent.

In the first nine months of the year new car sales in Germany at 3.4m were still 44.4 per cent higher than a year ago, with demand fuelled by uncertainty. However, the falls in August and September appear to confirm industry fears that the spectacular surge in German demand would end in the final months of the year.

In September, western European new car sales suffered a marginal fall by 0.5 per cent to an estimated 900,000.

While demand weakened in Germany and the UK market remained deep in recession, sales began to recover modestly in France and in Spain.

In the first nine months overall new car sales in western Europe rose by an estimated 2.5 per cent to 10.7m from 10.4m a year ago (with east Germany included since currency union in July 1990). The surge in German sales has masked the recession in other markets, most importantly in the UK, France and Spain. Excluding Germany sales in the rest of western Europe in the first nine months were 10.7 per cent lower than a year ago at 7.2m. Overall in western Europe new car demand both in September and in the first nine months was lower in 11 markets and higher in six.

For much of the year the pattern of new car demand has diverged dramatically across Europe.

In September, sales in three leading volume markets, Italy, France and Spain showed modest increases of 0.1 per cent, 2.7 per cent and 6.2 per cent respectively, compared with the fall in Germany.

In the UK sales plunged again by 17.4 per cent from the same month year ago, as the market entered a third year of recession.

DM300bn repair bill looms for E German transport network

By Christopher Parkes in Bonn

GERMANY faces a bill of almost DM300bn (\$177bn) for the repair, expansion and maintenance of the dilapidated transport network in the former Communist east, according to the Ifo research institute in Munich.

More than two-thirds of the money will be needed just to bring the existing road, rail and canal routes up to west German standards.

Additions to the network, mainly to connect the two parts of Germany will cost a further DM44bn, and maintenance upwards of DM23bn.

The estimates far exceed earlier forecasts of the costs entailed in the essential task of rebuilding the east German infrastructure, and will endanger government attempts to keep public spending within the 3 per cent growth limits demanded by the Bundesbank and promised by the Bonn

government in its latest budget figures.

Two-thirds of the cost of renovation would be payable from the exchequer of the eastern states concerned, and one third would come from Bonn. In April the cabinet unveiled a "German unity traffic project" with a DM56bn budget.

It reported that 1,300 of the 3,700 bridges in the rail network were in such a bad state that they would have to be replaced. All the others needed repair. More than half of all roads needed extensive repair.

East German construction companies' order books are filling up fast. The value of new orders in the third quarter of the current year was 30 per cent higher than in the preceding three months, HDB, the national industry association, said yesterday.

WEST EUROPEAN NEW CAR REGISTRATIONS* January-September 1991

	Volume (Units)	Volume Change (%)	Share (%) Jan-Sept 91	Share (%) Jan-Sept 90
TOTAL MARKET*	10,658,000	+2.5	100.0	100.0
MANUFACTURERS:				
Volkswagen† (incl. Audi, SEAT & Skoda)	1,761,000	+9.7	16.5	15.4
Fiat (incl. Lancia, Alfa Romeo, Ferrari, Innocenti, Maserati)	1,360,000	-8.8	12.7	14.3
General Motors (Opel/Vauxhall, US & Saab)	1,311,000	+6.1	12.3	11.8
Opel/Vauxhall	1,259,000	+6.5	11.8	11.3
Seat	39,000	-11.9	0.4	0.4
Ford (Europe, US & Jaguar)	1,309,000	+7.3	12.2	11.7
Ford Europe	1,286,000	+7.9	12.1	11.5
Jaguar	10,000	-35.1	0.1	0.2
Peugeot (incl. Citroën)	1,240,000	-7.0	11.6	12.8
Renault††	1,053,000	+3.5	9.8	9.7
Mercedes-Benz	382,000	+9.9	3.4	3.2
Nissan	357,000	+16.8	3.3	2.9
BMW	315,000	+10.7	3.0	2.7
Toyota	292,000	+1.4	2.7	2.8
Rover†	280,000	-11.7	2.6	3.0
Mazda	236,000	+6.8	2.2	2.1
Volvvo†	154,000	-18.0	1.4	1.8
Mitsubishi	155,000	+13.3	1.5	1.3
Honda†	135,000	+6.4	1.3	1.2
Total Japanese	1,349,000	+9.4	12.6	11.8
MARKETS:				
Germany	3,401,000	+44.4	31.8	22.6
Italy	1,805,000	-1.0	16.9	17.5
France	1,507,000	-13.0	14.1	16.6
United Kingdom	1,332,000	-21.8	12.5	18.3
Spain	658,000	-14.0	6.2	7.4

*Includes western Germany since July 1990

†Includes imports from US and sold in western Europe

††Includes 50 per cent and management control of Skoda.

†Includes 50 per cent and management control of Saab Automobile.

Worldwide 30 per cent state in Rover vehicle operations.

††Includes and Volvo are linked through minority cross-shareholdings.

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Serious setback for HDTV plans

By Andrew Hill in Strasbourg and Michael Skapinker in London

THE European Commission's strategy on high-definition television (HDTV) suffered a severe setback yesterday when it became clear that a new broadcasting directive might be postponed until next year.

The existing directive, governing satellite broadcasts, expires at the end of the year and the Commission had been attempting to ensure that its replacement provided a boost to the proposed European HDTV standard.

MEPs accepted yesterday in committee that a new draft directive would not be considered by a full session of the European parliament until the end of November. Some complained that they were being bounced into a quick decision.

The Dutch presidency of the EC hoped that telecommunications ministers would be able to discuss parliament's position at the council meeting on November 4. "We're extremely worried about the possibility of a legal vacuum at the end of the year," a council official told the committee on economic, monetary and industrial affairs yesterday.

Extra ministers' meetings will have to be held if there is

to be any hope of a decision by the end of December.

Mr Filippo Maria Pandolfi, telecommunications commissioner, wants the new directive to encourage use of the D2-Mac standard, a transitional stage to fully-fledged HDTV.

His proposed directive is backed by Philips of the Netherlands and Thomson of France, Europe's biggest consumer electronics manufacturers, and by the French, Dutch and German governments. It is strongly opposed, however, by most European satellite broadcasters who argue that it will raise costs to consumers.

A delay between the expiry of the old directive and the imposition of a replacement would not have an immediate effect on the satellite industry. Broadcasters have already got round existing legislation by transmitting programmes in current TV standards from telecommunications satellites, which are not covered by the old directive.

However, further delay would increase pressure on the Commission from private broadcasters to abandon altogether plans to impose an intermediate standard.

Attali urges auctions of E European companies

By Peter Marsh, Economics Staff

THE governments of eastern Europe should auction many of their state-owned industrial enterprises, Mr Jacques Attali, president of the European Bank for Reconstruction and Development, said last night.

Speaking in London, Mr Attali said auctions represented a fast and effective way of reallocating industrial and business assets in the emerging democracies of what was the Soviet bloc.

Mr Attali's bank, owned by 41 government institutions and set up this year in London, aims to help the transition of eastern Europe and the Soviet Union to free markets.

He said a system of auctions could work most effectively for relatively small enterprises, where the value and the complexity of the unit being sold was not too great.

However, innovative ideas might have to be applied to the auctions to encourage ordinary people to bid. One idea to inject free-market thinking into the running of such organisations would be to give away to members of the public free shares in a small number of large holding companies. These companies would then directly control the previously state-owned establishments.

Mr Attali said governments should make sure there were enough holding companies involved in the process to promote a high degree of competition between the individual industrial units.

Another urgent need for governments in eastern Europe, he said, was to institute western-style bankruptcy legislation, which was generally lacking. This would lay the ground for a system of penalties and rewards in the emerging business world in eastern Europe that would be roughly analogous to that in the west.

Irish police launch beef fraud probe

By Tim Coone in Dublin

IRISH POLICE have begun a criminal investigation into suspected fraud in the beef industry, after the seizure of documents at four meat processing plants operated by Europe's biggest beef processor, Goodman International.

Lightning raids were carried out at the plants a week ago by a Department of Agriculture special inquiry team supported by armed police. The seized documents "related to EC matters", a departmental spokesman said yesterday.

A police spokesman said that the criminal investigation was initiated after a formal complaint was lodged by the Agriculture Department with the police "on the basis of the seized documents". A senior government official said that investigations were focusing on 11 Goodman meat processing plants in Ireland.

A previous Fraud Squad inquiry into Goodman plant operations in March 1989 did not result in any prosecutions.

A Dublin tribunal investigating allegations of fraud, political favouritism and export credit abuses in the beef industry, and also focusing on Goodman International, was yesterday adjourned until next Monday, to allow a constitutional appeal to be made to the High Court by Goodman International's solicitors.

The president of the tribunal, Justice Liam Hamilton, turned down a submission by the Goodman legal team that the inquiry violated constitutional rights of the accused and precluded the possibility of a fair trial, should charges be made. Justice Hamilton's ruling will therefore be tested in the High Court.

The Goodman defence is also requesting a further two-week adjournment to analyse the body of documentation that has been submitted to the tribunal in support of the allegations.

The recent raids at the Goodman plants were carried out "with the support and knowledge of the tribunal", according to a Department of Agriculture spokesman, although they related to "current activities" and not those under investigation by the tribunal.

Born-again Kazakhstan preaches privatisation doctrine

A LEAFLET distributed to the furniture factory's 1,700 workers to persuade them to buy shares reads like a kind of modern-day equivalent of the Ten Commandments.

"What will I get out of a buy-out of the enterprise...? I will have an interest in working better... I will have something to leave my children... I will no longer be indifferent to theft of enterprise property... I will have an interest in the enterprise functioning stably for many years to come."

The director of the Meret furniture group, Mr Nadiat Kadrov, was determined to make the first privatisation in the republic of Kazakhstan a success. He launched a massive propaganda drive after his first appeal failed to illicit a response.

Eventually 900 workers - more than half the workforce - were persuaded to shell out an initial Rhs3,000

The republic is trying to forge a path to a market economy by putting economics before politics, writes Leyla Boulton

(roughly a year's salary) for a stake in the collective enterprise. Payment of a further Rhs5,000 is spread over 10 years.

The main attraction for a bewildered workforce appears to have been the promise of a fixed annual "dividend" on their investment - a standard, if somewhat dangerous, practice for Soviet enterprises seeking to privatise. At least one factor points to Meret continuing to turn out a profit: the desperate shortage of furniture

in the Soviet Union.

Ms Liuda Yarkovikh, a young economist at Meret, said her parents had given her the money to buy a stake. "We thought it would be to our advantage since the money is guaranteed 20 per cent return, while it would earn only 11 per cent at the savings bank."

Kazakhstan, run by the all-powerful President Nursultan Nazarbayev, is trying to forge a path to a market economy by putting economics before politics. In contrast, a paternalistic state official addressing a day-long seminar at Meret for the managers of other enterprises, again uses the simple argument of benefits for all of society.

"The more enterprises there are like Meret, the more goods we'll have on consumer markets," said Mr Elshpek Ishaibayev, head of the republican commission for the disposal of state property. "If you have problems getting your application processed by local authori-

ties, come straight to me." But apart from a lack of know-how, the managers, who have come to learn from Meret's experience, are concerned by other matters. "We're worried about how our collective will afford to pay for shares," said Mr Sembei Yelgabayev, from a textile plant.

Having made a modest start in privatising services, housing and industry, Kazakhstan has stopped short of allowing the sale of land. But in the republic of Armenia, the government started off with land

claims on the Crimea. Otherwise, Ukraine might establish direct economic ties with the autonomous republics.

Mr Fokin said Ukraine wanted to reach an agreement on the economic union and that he was empowered to sign it at today's meeting. But he said Ukraine had dozens of objections to the "economic community" in its proposed form and that any treaty he signed would be valid only after it was ratified by the increasingly-radical Ukrainian parliament.

Alma-Ata, and a building materials plant have been sold.

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of state property expressed in roubles.

Kazakhstan has also introduced a coupon system, but mainly for the acquisition of housing. It plans to retain the revenues of the sale of other assets, such as Meret, not least to help it

Siemens secures partnerships in Russian republic

By Hugo Dixon in Geneva

SIEMENS has signed two new joint ventures to produce telecommunications equipment in the Russian Republic, Mr Hans Bauer, who heads the German company's telecommunications business, said yesterday.

The two ventures are in addition to a partnership to produce digital exchanges in the Ukrainian city of Kiev, a deal which was announced last year.

Taken together, the three ventures establish Siemens as one of the leading suppliers of telecommunications equipment in the Soviet Union.

One of the new partnerships involves manufacturing exchanges in Izhevsk, in the Russian Republic.

The financing for this deal needs final clearance.

The other venture involves making transmission equipment in the Russian city of Tula.

The Soviet Union is believed to require to increase the number of telephone lines from 40m to 100m by the end of the decade if it is to transform

itself into a flourishing market economy. In a separate development, the German company also announced yesterday that it had won an important order to supply exchanges to Bell South, one of America's seven "Baby Bell" operators.

The German company will be one of three main suppliers, along with American Telephone & Telegraph and Canada's Northern Telecom.

Siemens already has significant orders with Bell Atlantic and Ameritech, two of the other seven Baby Bells.

The latest move confirms the German company as the third main exchange supplier in North America.

Mr Bauer also revealed that Siemens had won orders to supply exchanges to Cellnet, one of Britain's two cellular networks.

He said that the American company Motorola, which was previously supplying Cellnet, had invited Siemens in, although the US company would continue to provide radio base stations.

Hills says Asian trade bloc is now less likely

By Lim Siong Hoon and Reuter in Kuala Lumpur

THE United States is less worried about a trade bloc developing in Asia after ministers of south-east Asian nations this week agreed on proposals for an East Asian economic consultative body.

Mrs Carla Hills, the US trade representative, said yesterday.

The US won a victory when the Association of South East Asian Nations (Asean), this week dropped Malaysia's proposal for an East Asian Economic Grouping. The US had opposed it because, according to Mrs Hills, it "draws a line down the Pacific".

In a face-saving gesture for Malaysia, Asean agreed instead to establish an East Asian Economic Caucus "to discuss common concerns".

In a statement after an Asean ministerial conference, it said the caucus would not be institutionalised and would meet only "as and when the need arises".

"The earlier version of the East Asian Economic Group caused some concern in that it seemed to pull apart rather than pull together," Mrs Hills said. "From my discussions with the trade ministers gathered here, they seem to see something of a difference between the two concepts."

Dr Mahathir Mohamad, Malaysia's prime minister, who had argued strongly for the EARG, said: "A rose by any name is just as sweet. What is important is what it does, and not what the name is."

Mrs Hills said the US would study the "economic caucus" idea and discuss its relationship to Asia Pacific Economic Co-operation, a two-year old

consultative group including North American and Asian countries, at an Apec forum in Seoul in November.

The US and some Asean states were still at odds yesterday still over services, investment and intellectual property rights, new areas in the Uruguay Round Gatt negotiations, and talks are to continue in Seoul under the auspices of Apec.

"We are staunch supporters of the Apec group, which to us is the way to enhance trade, investment and co-operation in this region," Mrs Hills said. "This is the preferred organisation in which to build region-wide trade and investment relations."

Meanwhile, Singapore, the strongest American ally of all the six Asean members, is set to sign with the US a "framework agreement", a promotional accord patterned after US agreements with Latin America. This is the first such bilateral agreement with an Asean member.

Contracts for Thomson-CSF in US and Canada

Thomson-CSF, the French defence electronics group, announced yesterday that it had landed two contracts in the US and Canada worth \$31m (£17.8m) and FF220m (£20m) respectively, AP-DJ reports from Paris.

The company said its Wilcox Electric subsidiary in the US will produce 50 airport landing systems for the Federal Aviation Administration.

Thomson-CSF Systems Canada is teaming up with Canada's Fenoc Engineers to outfit Marine cruisers with electronic equipment.

Power plant loan for Malaysia

The Asian Development Bank approved a \$203m (£116.6m) loan and two technical assistance grants worth \$600,000 to Malaysia, it said in a statement. Reuter reports from Manila. The loan will be for the Pasir Gudang Combined Cycle Generation Project.

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WORLD TRADE NEWS

US stands firm on telecom deal

William Dullforce reports on progress of the pact on trade in services

A 15-MINUTE bus ride away from the hall where this week the telecommunications industry has been staging its gigantic, quadrennial exhibition, talks aimed at liberalising world trade in telecommunications have run into a roadblock.

At Geneva's Palexpo site the industry has put on a staggering demonstration of the technological advances propelling a roughly estimated \$400bn (£230bn) business that is growing at an annual rate of 10-15 per cent.

Heads of the world's leading telecommunications companies have been discussing deals and alliances that will radically transform the structure of the world industry.

Yet at the General Agreement on Tariffs and Trade's headquarters governments are still haggling over the ground rules that will govern the international exchange of telecommunications services over the next few decades.

After almost five years of negotiations in Gatt's Uruguay Round they have still to agree on a liberalisation programme that would ease the grip of state-owned post, telephone and telegraph (PTT) monopolies and open markets worldwide to competition.

Telecommunications remains one of the main stumbling blocks to completion of a General Agreement on Trade in Services (Gats) under the aegis of the Round.

The world's leading industrial nations have undertaken to end the Round this year.

The US has championed an international agreement on services but the negotiating position it has taken in telecommunications has been seen as a setback.

Washington is insisting that basic telecommunications services - the public transmission networks - be exempted



from the most-favoured-nation (MFN) rule which is fundamental to Gatt and would be incorporated in a Gats.

Under MFN a government must extend any trade benefit or measure negotiated with another country to all other Gatt members.

Washington argues that since the break-up of AT&T, the monopoly carrier, in 1982 the US is the only country (with the possible exception of New Zealand) whose basic networks are run by private companies and are open to foreign competition.

Application of MFN would leave US basic telecommunications services open to all comers, while for countries where the basic network is operated by a publicly-owned monopoly it would be "a licence to protect", allowing them to continue to shut out competition.

AT&T has successfully lobbied the US Congress about the fundamental unfairness of exposing it to competition from foreign companies who are shielded from AT&T and other US carriers in their home markets.

Instead of entering an international agreement that would tie its hands, the US administration should retain its authority under the 1986 telecommunications trade act to negotiate bilaterally with countries who bar US companies from their markets and to take retaliatory trade action, should negotiations fail, AT&T argues.

Guatemala yesterday became the 103rd member to accede to Gatt, AP reports from Geneva. Its membership follows that of Tunisia, Venezuela, Bolivia, Costa Rica, Macao and El Salvador. Requests are pending from Algeria, Bulgaria, China, Honduras, Mongolia, Nepal, Panama and Paraguay.

Washington's demand for exemption is regarded by the European Community and most other countries as unacceptable.

Revelation by the US of its bilateral negotiating muscle is seen as a contradiction of the MFN principle which underlies the Gats.

EC officials say that the contrast between current European and US practice is not purely black and white.

By the estimate of Community officials, only some 40 per cent of total US revenues from telecommunications are generated in sectors open to competition.

The other 60 per cent is made largely in the regional network monopolies, known as the Baby Bells.

In comparison roughly 75 per cent of EC telecommunications revenues come from closed sectors.

Only 25 per cent is generated in the UK's basic network duopoly (BT and Mercury), in value added services and mobile telephones.

However, EC officials point out that the Brussels Commission has already prepared plans for liberalising the Community's internal telecommunications.

Under an international agreement incorporating the MFN this liberalisation would open the EC market to foreign competition. Characterising

future promises of EC liberalisation as pie in the sky, US negotiators doubt whether Brussels has the power to force the French or Germans to open their publicly owned voice telephony networks to competition.

MFN is probably the toughest but not the only unresolved problem.

A draft annex to Gats aims at ensuring that governments' commitments to open up other sectors, such as banking and tourism, to competition would not be impaired by restrictions on access to and use of public telecommunications networks.

For developing countries this provision raises questions about their ability to impose regulations in order to meet their national development objectives.

Developing countries want to be sure that they will not end up with their whole network dominated by large foreign corporations.

The EC wants a guarantee that the US administration will be able to enforce the provision on privately owned carriers such as AT&T and the Baby Bells.

If the Uruguay Round does reach a concluding phase, where the final deals are struck, the MFN issue may not prove to be intractable.

At the meeting of trade ministers in Brussels last December, where the Uruguay Round almost collapsed and died, Washington indicated that it would be ready to drop its demand for an MFN exemption for basic telecommunications, if enough other countries committed themselves firmly to liberalising their systems.

Since then 40 general liberalisation offers, including one from the EC, have been tabled. However, in the view of the US none are yet specific enough on the issue of telecommunications.

Hungary in move to curb imports

By Nicholas Denton in Budapest

HUNGARY is to defend sensitive industries and joint ventures which are protesting against the rapidity of the opening of the economy to imports.

"Some parts of industry need more protection," Mr Janos Martonyi, state secretary of the Ministry of International Economic Relations, said. Tariffs on colour televisions are to be raised to 25 per cent, mainly in response to complaints by new joint ventures based in Hungary. The authorities have also said they will enforce quotas on shoe imports.

Hungary is also considering anti-dumping measures against "unfair competition" from subsidised cement producers in other parts of eastern Europe.

"In some of the neighbouring countries energy prices are still not liberalised," said Mr Martonyi, striking what is typically a western stance in dumping disputes. "It is another demonstration that we are now on the other side of the line."

However, the average tariff rate has fallen this year from 16 to 13 per cent. Barriers will be lowered further after Hungary signs an association agreement with the EC.

EC inquiry over bicycle dumping

The European Bicycle Manufacturers' Association said yesterday that the EC had agreed to investigate the alleged dumping of bicycles in Europe by manufacturers based in China and Taiwan. Reuter reports from Paris. It said imports of bicycles from the two countries into Europe had risen to 3.63m last year from 700,000 in 1987.

Chrysler and Fiat to end Alfa contract

By Kevin Done, Motor Industry Correspondent

FIAT and Chrysler are planning to dissolve their three-year-old joint venture in the US for the distribution of Alfa Romeo cars in the North American market.

Fiat, the Italian car maker which includes Alfa Romeo, Lancia and Ferrari, said yesterday that it was "most likely" that the venture would end next year, when the original four-year contract expires.

Fiat and Chrysler started the joint venture Alfa Romeo Distributors of North America in 1988 to co-ordinate the distribution and sales of the Italian car range in the US and Canadian markets. It was planned that a number of Chrysler/Plymouth dealers would be added to the existing Alfa Romeo network, to expand the Italian car maker's presence. At present less than 10 per cent of the 180-strong Alfa Romeo network

consists of Chrysler/Plymouth outlets, although the company has had some success in raising its sales from a very low level.

Alfa Romeo's sales volume in the US rose by 23.7 per cent in the first nine months this year to 3,756, despite the deep recession in the US new car market and the steep fall in sales suffered by most rival European car makers in the US.

Peugeot of France and Rover of the UK announced recently that they were being forced to withdraw from the US market in the face of heavy losses, but Fiat insisted last night that it was committed to keeping Alfa Romeo there. Last year Fiat and Chrysler also called off much more far-reaching year-long negotiations about a possible merger of their car making operations.

Ericsson chosen as supplier for US radio data venture

By Robert Taylor in Stockholm

ERICSSON, the Swedish telecommunications group, has acquired a SKR1.39bn (£130m) order to provide Mobitex infrastructure equipment over the next three years to a new joint venture being formed between the American phone company Bell South Enterprises and RAM Broadcasting Corporation of the US.

The new American company is to own and operate wireless data communications networks across the world as well as radio paging and cellular assets inside the US.

While RAM will provide mobile data, paging and other significant holdings, Bell South will contribute complementary paging properties and more than \$300m (£172.4m) equity funding to be used in developing RAM's networks in the US as well as Britain.

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NASDAQ INTERNATIONAL

AMERICAN NEWS

US files complaint over Chinese trade barriers

By Nancy Dunne in Washington

THE Bush administration yesterday raised the stakes in its trade battle with Beijing by initiating a formal complaint against Chinese import barriers.

The action followed months of futile negotiations during which China provided only vague assurances that it intended to ultimately satisfy US concerns. A last-minute Chinese proposal, submitted on September 30, fell far short of US demands.

President George Bush moved against what he called the "unreasonable or discriminatory practices that have acted as a burden on US commerce" under pressure from the US Congress, which is threatening to withdraw China's most favoured nation trade status. The president favours MFN, arguing that close commercial ties will lead to democratic reforms.

Yesterday's action, filed under Section 301 of US trade law, will lead to an investigation of Chinese barriers and to negotiations, which can last up

to a year. If Beijing refuses to co-operate, the administration can impose sanctions - generally very high tariffs - against Chinese imports at any time.

Senator Max Baucus, chairman of the Senate's international trade subcommittee, said the complaint was overdue. He wants further action on human rights and nuclear proliferation.

The senator, whose support for continuing MFN for China is vital to its retention, also sent a warning: "Every time China erects a new trade barrier or otherwise cancels a purchase from the US, it increases the probability that the US Congress will ultimately decide to cut off MFN."

The 301 investigation will focus on the most significant barriers to American exports as well as those deemed to be inconsistent with the rules of the General Agreement on Tariffs and Trade, which China is attempting to join.

The barriers are:

● import bans and quantitative limits on specific products

and sectors;

● restrictive import licensing requirements;

● technical barriers, including standards, testing and certification requirements;

● failure to provide transparency by publishing laws, regulations, judicial decisions and administrative rulings.

The administration will also seek consultations over reductions of China's tariffs, some of which range from 130 to 170 per cent ad valorem, as well as import regulatory taxes and other fees alleged to be "unreasonable".

Moves have begun against China on other fronts. The Customs Service, pressed hard by a Congress indignant over the alleged import of goods produced by prison labour, has said it will impose imports of wrench and steel pipes and investigate their sources.

Beijing has been given a deadline of November 26 to agree to make improvements on protection of intellectual property rights. Failure to comply can also lead to sanctions.

Dissidents held as Cuban party congress opens



Fidel Castro: domestic news blackout imposed on his speech

THE Cuban authorities arrested nine dissidents in a crackdown on opposition groups on the eve of the Communist party congress in Havana, which opened yesterday, according to several Caribbean radio reports. Canute James and agencies report from Kingston.

The dissidents, members of the Political Rights Association, were taken into custody after some of them had spoken on a US radio station, saying President Fidel Castro should be replaced by an interim government and Cuba should be transformed into a multi-party democracy.

The congress, dubbed by the Cuban media "the most important meeting in Cuba this century", opened amid a high level of secrecy.

Foreign journalists were barred from the proceedings, held in the eastern Cuban city of Santiago, and a domestic news blackout was imposed on a speech by President Fidel Castro to the congress.

Excerpts from Mr Castro's remarks were promised later in the day, according to broad-casts monitored by the US government. At the last such congress, in 1986, Mr Castro's report was broadcast live and scores of foreign journalists were present.

Among outside experts on Cuba, the main unanswered question about the congress is whether Mr Castro will bow to the wishes of moderate elements in the party and permit reforms to revitalise the country's moribund economy.

But Mr Castro has said he will stand by his revolutionary principles. Most outside analysts believe fundamental reform is not in the offing.

"He wants people to toe the line," says Mr Jaime Suchlicki, a University of Miami history professor.

Since the 1986 congress, Cuba's economy has been in steep decline, the socialist bloc has collapsed and President Castro has become increasingly isolated.

Bush pays price for a decade of deficits

The president can do little in the face of a becalmed economy, writes Michael Prowse

RARELY in US history can a president have felt as boxed in economically as Mr George Bush. Just 12 months before the 1992 presidential election, the economy appears at best becalmed. Neither White House nor Federal Reserve sees convincing signs of economic recovery. Some pundits talk gloomily of a second leg to the recession that supposedly ended this summer. Yet Mr Bush has few policy options.

This week he approved a package of regulatory reforms intended to stimulate bank lending. The measures, crafted to give banks greater flexibility in raising capital, were largely

a reshuffle of previous initiatives. Bankers dismissed the package as "zebra". Economists said it would have only a marginal impact on lending, which is constrained by lack of demand. The president came forward with these lightweight proposals because his advisers felt he had to do something.

In 1980, Mr Bush dismissed Ronald Reagan's fiscal plans as "voodoo" economics. He is now paying the price for a decade of deficits that tripled the national debt. If the US had been fiscally conservative - as were nearly all European finance ministries - the long upswing of the 1980s would have created a comfortable sur-

plus rather than unprecendented red ink. Mr Bush would now be able to unveil sizeable personal and corporate tax cuts, guaranteeing an election-year revival of demand.

Instead he faces a \$350bn (\$200bn) budget deficit, a large chunk of which reflects huge interest payments on excessive borrowing during boom years.

Some Democrats argue there is an escape-hatch - the \$500bn military budget. With the end of the Cold War, the economy can surely be stimulated by higher domestic spending - or tax reductions - financed out of deep cuts in the defence budget. But the argument is flawed.

The problem is not primarily that shifts from defence to domestic programmes violate the terms of last year's bipartisan budget accord. That can be turned up. But Congress cannot repeal the laws of economics. In the short run, shifts in spending between different programmes will provide very little stimulus.

If more generous unemployment benefits are financed out of defence cuts, for example, increased consumer spending will be offset by reduced current and capital spending by defence contractors. The recycling of cash spent in military bases overseas could in principle provide a domestic stimulus, but it would be tiny given the scale of cuts practicable in the next year.

Similar objections apply to Republican talk of a new "growth programme", involving cuts in capital gains taxes. In the long run, reductions in capital taxes may provide a

modest stimulus, although the scale is hotly disputed among economists. But in the short run, tax cuts, like spending increases, have a significant expansionary effect only if they raise purchasing power by increasing the budget deficit.

But does anybody on Capitol Hill seriously think a yet bigger budget deficit would be helpful? A significant increase would have a disastrous impact on confidence on Wall Street. Long bond yields, which have only just begun to fall, would rise sharply, choking off private investment and aborting the fragile housing recovery. Mr Bush, in short, has no realistic fiscal options.

What about monetary policy? The White House never ceases to push for lower interest rates. Recently, it has been pushing on an open door. The Fed has halved short-term interest rates since 1989. The discount rate - the rate the Fed charges on loans to banks - now stands at 5 per cent, the lowest level since 1973. The federal funds rate - the rate at which banks lend to each other - is 5 1/2 per cent, far below the level in most other financial centres. Financial markets expect a further quarter-point cut imminently.

Some formerly hawkish Fed policymakers are already rehearsing the case for a 4 1/2 per cent discount rate. But it seems likely that the Fed has already expended most of its monetary firepower. Further interest rate cuts could destabilise the dollar and would be badly received abroad.

This week, Mr Carlos Solchaga, Spain's finance minister and chairman of the International Monetary Fund's interim committee, said he was "absolutely terrified" by US monetary policy. He probably speaks for other European finance ministers when he warns that US rates have come down "too far too fast" and risk igniting inflation.

Mr Bush can boller for lower interest rates but he may discover that the US's monetary options are limited. The Fed has already eased policy markedly. That individuals and companies are not responding suggests that economic problems may be more structural than cyclical. A host of service industries, from real estate to banking and local government, are retrenching after excessive expansion in the 1980s.

At the same time, resources are shifting from domestic services into export industries - mainly manufacturing - to curb the trade deficit. These necessary adjustments cannot be accelerated to meet an election timetable.

In the past fortnight, the once-sanguine White House has shown signs of losing its economic nerve. Yet economic forecasts are still not that bleak. This week, the IMF raised its forecast for US economic growth next year to 3 per cent, compared with a 2.7 per cent estimate in May. Many private-sector forecasters are still predicting 2.3 per cent growth. They may be wrong, but the White House can only sit tight and hope. Mr Bush, decisive in foreign policy, must have this feeling of helplessness.

Washington pays part of UN bill

By Michael Littlejohns, UN Correspondent, in New York

THE US has paid more than \$187m (\$107m) of its arrears to the United Nations, but still owes \$344.5m, officials said yesterday.

Both President George Bush and former president Ronald Reagan promised to pay all the US's arrears, at one time totalling close to \$1bn, but Congress repeatedly blocked the funds. The UN's improved standing with the US following its role in the Gulf crisis is thought to be responsible for

the change of heart.

According to the US delegation, Washington's payments so far this year total \$818m, including arrears for peace-keeping operations.

However, the UN remains in the throes of a "serious financial crisis", Mr Javier Pérez de Cuellar, the UN secretary general, told the general assembly's budgetary committee yesterday.

Members still owed dues for 1991 and previous years

amounting to more than \$952m. He proposed a total regular budget of \$1.96bn for the two years 1992-93 and extra budgetary funding of a further \$3.08bn.

Although the UN was prepared for a more dynamic role in preventative diplomacy, Mr Pérez de Cuellar said, he was holding the budget increase to less than 1 per cent. But if the UN was to do its job, it was important that members did not impose severe cuts.

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UK company sues Cardoen for payment

MATRIX Churchill, the UK machine tools company formerly in Iraqi ownership, is suing Mr Carlos Cardoen, the Chilean arms maker, for alleged non-payment of bills. Leslie Crawford writes from Santiago.

It has filed a civil suit in Iquique, a duty-free port in northern Chile where Mr Cardoen assembled cluster bombs for export to Iraq.

Mr Humberto Mondaca, an Iquique magistrate, confirmed that the UK company was seeking a bankruptcy order against Mr Cardoen's Industrias Metalurgicas del Norte as a result of alleged unpaid debts totalling \$831,537. Mr Cardoen was not available for comment yesterday.

The disputed bills of exchange do not detail what goods were sold to Mr Cardoen, but a list of Matrix Churchill export orders shown to the Financial Times included the delivery of more than 15m of computer-controlled lathes to the Chilean arms maker between January 1989 and February 1990.

Mr Cardoen was then installing a plant near Baghdad with computer-controlled lathes to make cluster bomb fuses and other arms components.

Two former directors of Matrix Churchill and a former manager have been charged in the UK with the illegal export of military equipment to Iraq. Until February, Matrix Churchill was owned by the Al Arabi Trading Company of Baghdad, a company involved in an arms procurement programme for Iraq.

Matrix Churchill stressed yesterday that all the exports involved in the Chilean court action were covered by the UK Export Credit Guarantee Department. The action, it said, was necessary before it could approach the ECGD for any compensation.

Matrix Churchill was sold during the Gulf War to a Midland company called Automation Investments, the holding company for BSA Tools, a Birmingham lathe maker.

Mexico governor quits amid poll fraud claims

By Damian Fraser in Mexico City

THE new governor of Mexico's San Luis Potosi state has resigned, bowing to mounting claims from the opposition that his election was fraudulent.

Mr Pazos Zapata, of the ruling Institutional Revolutionary party (PRI), was sworn in as governor just two weeks ago. According to official results he won 61 per cent of the vote, against 32 per cent for Dr Salvador Nava, the coalition candidate of the opposition.

The election, however, was marred by allegations of fraud, which have sparked protests and public rallies in the city of San Luis. A group of "women for democracy" blocked the steps to the governor's palace, while the head of the local business chamber called on Mr Zapata to stand down.

Mr Zapata said he was standing down to facilitate a "political solution to the problems that our state experiences". While he strenuously denied that the elections were fraudulent, the Mexican Academy of Human Rights said the "central conclusion is that there were very serious violations of electoral laws and of universal principles of political rights".

Although Mr Zapata will be replaced, until new elections

are held, by another PRI member, Mr Gonzalo Martínez Corbala, the resignation is seen by the opposition as an important victory for Mexico's fledgling civil rights movement.

On August 29, Mr Ramon Aguirre, the PRI governor-elect in Guanajuato, was forced to step down after the opposition claimed he too was elected fraudulently. He was replaced by an interim governor from the opposition.

Dr Nava first ran for governor of San Luis in 1961, when it was now conceded he was robbed of victory in a fraudulent election. In the subsequent protests the Mexican army killed a number of Nava supporters. Dr Nava was imprisoned and beaten up, and his citizen's movement, known as Navismo, stamped out for 20 years.

Mexico's monthly inflation rate reversed an upward trend by rising to 0.7 per cent in August, bringing the cumulative rate for the year so far to 11.9 per cent.

Because October, November, and December all stand to be high-inflation months, the government is likely to miss narrowly its target of 16 per cent for the year.

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Excerpts from Mr. Castro's remarks were promised for the day, according to the state-run media. In the event, the remarks were not made. In 1986, Mr. Castro was broadcast on television for the first time since 1960. Among outside experts, the main question was whether Mr. Castro would make any changes to the constitution or the party's reforms to revitalize the economy. Mr. Castro has long been seen as a reformer. Most believe he will not make any changes to the constitution. He wants people to work hard and become a University of Miami professor. Since the 1980s, Cuba's economy has been in a deep decline, the state has collapsed and Castro has become a liability.

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AMERICAN NEWS

Aristide wanders in search of path back to Haiti

The exiled president's prospects of returning to power seem to be decreasing, reports Canute James

AS he wanders through North and South America and the Caribbean with seemingly decreasing chances of regaining the presidency of Haiti, Mr Jean-Bertrand Aristide may have reason to reflect on recent Haitian history.

His was the seventh government since the fall of the Duvalier family dictatorship five years ago, and he was the 41st leader of the Caribbean republic since independence 186 years ago.

But Mr Aristide was different from all his predecessors. Last December he received almost two-thirds of the votes in an election considered the fairest ever in the country.

And unlike his predecessors Mr Aristide was neither a politician nor a soldier. He was a priest, whose work and uncompromisingly radical rhetoric on behalf of the country's majority

poor ruffled his bishops but brought him wide popularity.

That the end which overtook him was no different from that of many other Haitian leaders before says much about the institutions which influence life in Haiti.

Angered by indications that they would lose their privileges under reforms being carried out by Mr Aristide, the army resorted to its tried and painfully proven solution - overthrow and exile for the president, then guns turned on the people.

The army stood to lose not only its influence by being brought under civilian control, but senior officers faced the prospect of being unable to use the country as a lucrative transshipment point for narcotics from South America to the US.

Mr Aristide also angered Haiti's rich. He suggested they should pro-

vide funds to help the poor and argued it was the rich - with power and influence that belied their small number - who were responsible for the poverty of the majority. Such rhetoric, inflammatory in a permanently tense political climate, made the president unpopular with the business community.

In Haiti's nascent democracy the president, who had no structured party political machinery, ignored the national assembly and senators and refused to establish links with any of the many parties in the parliament.

It was not surprising, therefore, that when he was sent into exile, the army, businessmen and politicians agreed it would be better for Haiti if Mr Aristide did not return. The voice of the majority, who voted for Mr Aristide, was muted by the soldiers' guns which kept them off the streets.

It was also not surprising that the politically naive Mr Aristide, emerging from a political culture of dictatorship, coup and counter-coup, violent repression by the army and a yawning wealth gap, would himself have been caught up in some excesses.

Although he had moderated some of his more radical positions (his frequent railings against "US imperialism" ended after his inauguration), he did not become a statesman, but remained the liberation theologian, the priest-advocate for the poor.

The army leaders accused him of being an "apprentice dictator". His attempt to establish a presidential militia was seen by his detractors as being too close to a similar effort by the Duvalier dictatorship.

And Mr Aristide's critics accuse him of condoning the "necklacing"

(placing a burning tyre around the neck) of his critics and the remnants of the *tontons macoute*, the pro-Duvalier militia.

Soldiers have threatened to massacre his supporters if he returns. It is also not inconceivable that a military expedition from the Organisation of American States, or a US intervention claiming to rescue foreigners, would prompt an already desperate and callous Haitian army to turn its guns on its own people.

A multinational military intervention to ensure the return of Mr Aristide would therefore of necessity seek the destruction of Haiti's admittedly small and poorly equipped army. But this could be fraught with political dangers, as US intervention in the country in 1915 and 1934 is still recalled with some bitterness by older Haitians.



Aristide: supporters ousted

Army purged as economic sanctions start to bite

HAITI'S generals have dismissed nine officers in a purge of supporters of Mr Jean-Bertrand Aristide, amid signs that the economic sanctions imposed this week have started to take effect, writes Canute James.

The expulsion of the officers was the result of an effort by the military, which effectively controls the country, to settle differences between one faction willing to allow Mr

Aristide to return from exile, and another which does not want him back in the presidential palace.

General Raoul Cedras, the leader of the junta which took control of the Caribbean republic 11 days ago, and who was reported close to an agreement with the Organisation of American States to allow Mr Aristide to return, agreed to the purge, and has consequently

reasserted his leadership of the military.

The discussions with the OAS were aborted by soldiers opposed to Mr Aristide's return. Food prices have risen sharply as Haitians stocked up in the face of sanctions. The US, France, Canada, Britain and Japan have frozen aid to Haiti.

It will not be long before Haiti's economy, the weakest in the hemisphere, feels the

full force of the embargo.

By any standards Haiti is poor. Three out of four live below the World Bank's poverty line. Per capita income is \$345. One in 10 babies dies in its first 12 months; and of those who survive, two out of three never learn to read and write.

The economy, supported by coffee exports, funds repatriated by Haitians living in the US and foreign aid,

contracted by 2 per cent last year.

The intention of the economic measures is to get the military to restore the constitution and accept the return of Mr Aristide to the presidency. The national assembly, virtually at gunpoint, installed Mr Joseph Norette, a supreme court judge, as interim president, saying elections would be held in 90 days.



A tank patrols in traffic-choked Port-au-Prince

Chilean workers lose patience with Aylwin

A RASH of public sector strikes has erupted in Chile as teachers, health workers and coal miners try to wrench a bigger share of next year's budget from the government.

The strikes reflect disillusionment with President Patricio Aylwin's 18-month-old government. A recent poll conducted in Santiago's poor neighbourhoods showed that less than 10 per cent believed they were better off at present. More than 40 per cent thought Mr Aylwin's policies benefited the rich.

At the president's request, trade unions kept industrial strife at bay during the first year of democracy. But as the military threat recedes, Chile's miserably-paid public sector workers are clamouring for the forbidden fruits of eight years of economic growth.

Teachers, who earn less than \$160 a month, ignored Mr Aylwin's 11th-hour plea and closed schools for a day last month to demand more pay. The government responded by prosecuting the strike leaders. Under a law passed by the 1973-90 military junta, which remains in the statute books, strikes in the public sector are both illegal and a threat to national security.

Asked why a democratic government was willing to use the tools of a dictatorship to quash a strike, President Aylwin responded: "If the teachers want a fight, they should be prepared to take the blows." The same fate befell the leaders of a 48-hour stoppage by public health workers, who earn less than their colleagues in education. But under pressure from the left flank of Mr Aylwin's coalition government, charges against all strike leaders were dropped yesterday.

In the rain-drenched landscape of southern Chile, 4,200 coalminers began an indefinite strike last week to protest at the 19th century working conditions. They are demanding a 7 per cent real increase in wages and retirement at 55. Silicosis and alcoholism kill many before the age of 55.

Enacar, the loss-making state-owned coal company, says it can only afford to keep wages in line with inflation. Civil servants, who swallowed a 5 per cent pay cut last year in aid of a fiscal austerity drive, have just asked for a 5 per cent real increase for 1992. Their chances of winning over Mr Alejandro Foxley, the finance minister, are negligible.

Mr Foxley has braced himself for the onslaught of the

Government staff are clamouring for the forbidden fruits of eight years of growth, writes Leslie Crawford

60,000-strong civil servants' union, ANEP. "I will be as tough this year as I was in 1990," he says. While he recognises that wage grievances, particularly in the health sector, are justified, he is determined to avoid the populist trap of granting large pay increases now only to reap hyperinflation at a future date.

The 1992 budget Mr Foxley has just sent to congress for approval marks a cautious attempt to redress the balance in favour of social spending.

Government income, forecast to rise by 2 per cent, will lag behind the expected 5 per cent growth in GDP because copper prices are expected to fall. The Treasury is still dependent on Codelco, the state copper corporation, for a quarter of its income.

Nevertheless, education will get an extra \$150m next year, raising spending to \$815m; the health budget will rise by 5 per cent to \$320m. Both these items, however, account for less than 5 per cent of GDP and are still dwarfed by the resources allocated to the armed forces.

The trade union confederation CUT is questioning the largesse showed to Chile's former rulers, which includes 10 per cent of Codelco's gross sales - about \$300m last year. The government has also continued to pay the salaries of Gen Augusto Pinochet's disbanded secret police agents. They no longer torture. Instead, they spy on political parties.

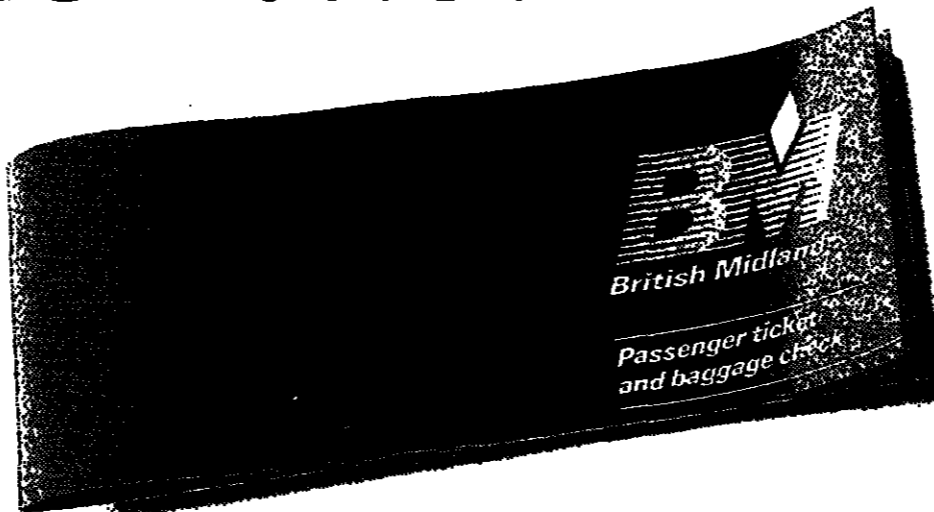
"How can the government ask us to show solidarity when it willingly hands over millions of dollars to the armed forces?" asks Mr Manuel Bustos, leader of the CUT and a Christian Democrat like President Aylwin.

Mr Foxley's defence is to say that: "People do not realise how many laws, rules, constraints we inherited from previous regime." Discussion of the budget in congress will be little more than an academic exercise. Another law inherited from the military regime does not allow the legislature to raise or redistribute expenditures. It can only cut spending, which is unlikely. The budget law is expected to be approved by the end of November.



Alejandro Foxley: braced for civil servants' onslaught

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Camdessus urges long-term aid for Soviet Union

By Peter Norman, Economics Correspondent, in Bangkok



MR Michel Camdessus, the managing director of the International Monetary Fund, yesterday called on the big industrial democracies to consider giving long-term as well as short-term economic help to the Soviet Union.

He said, at a press conference yesterday, it was "not premature" for the Group of Seven main industrial countries to discuss possible financial support for the Soviet Union among themselves and with other members of the international community.

Mr Camdessus welcomed recent decisions by the EC, Japan and the US to send food aid, humanitarian assistance and other short-term help to the Soviet Union. But it was important also that the west should consider what it could do for the Soviet Union beyond such immediate assistance.

The IMF managing director was speaking on the eve of today's meeting of G7 finance ministers and central bank governors which is expected to consider whether the Soviet Union should be offered short-term help to overcome possible liquidity problems in servicing its foreign debt.

Late last night, however, there was confusion in Bangkok over whether a Soviet delegation would join the US, Japan, Germany, France, Britain, Italy and Canada in today's G7 talks.

G7 officials had been tentatively planning that their ministers should meet them for

dinner after today's meeting. But the Soviet embassy in Bangkok reported that the Soviet team would only arrive in Thailand tomorrow.

The Soviet Union has advised the IMF and World Bank that it will be represented by a 17-strong delegation during the joint annual meeting of the two bodies.

The delegation is due to be headed by Mr Grigory Yavlinsky, the radical Soviet economist who is now deputy chairman of the committee for the management of the national economy and Mr Viktor Gerashchenko, head of the State Bank of the Soviet Union. It should also include a representative of the Russian Federation, the minister of finance from the Republic of Kirgizia and a deputy finance minister from the Belarussian republic.

It is far from clear, however, that the G7 will reach any firm decisions on action without reliable information about the Soviet payments position and gold reserves. Various ideas, such as allowing the Soviet Union to delay official debt repayments while still paying interest, have been bandied about. But Mr Norman Lamont, the British chancellor who currently chairs the G7 finance ministers group, is expected to advocate caution in the absence of vital Soviet financial data.

In his press conference yesterday Mr Camdessus appeared to give credence to suggestions that the Soviet Union may be given some form of "fast track" approval for full membership of the IMF and World Bank. He indicated that as far as he was concerned the main obstacle to the Soviet Union becoming a full IMF member - and so



Thai police with automatic rifles at the ready as they are deployed throughout Bangkok to protect IMF delegates

being able to borrow from the fund - was lack of clarity over the constitutional relationship between the union and the republics.

In a separate interview with the BBC World Service, Mr Camdessus said that the Soviet Union might want to borrow a

sizeable amount from the IMF. Its demands - together with those from other countries in difficulty - could necessitate another increase in IMF quotas or membership subscriptions. This would be in addition to the 50 per cent quota increase to SDR135bn (\$182bn) that is

currently being ratified by the IMF membership.

Mr Camdessus told the press conference that the fund would act speedily to assemble the economic data required to work out the details of membership now that the Soviet Union had entered a special

association with the IMF. But only after the IMF had details of the Soviet Union's monetary reserves, its economic output and its trading relations would it be able to determine how large a membership quota the Soviet Union would have in the fund.

India seen to be deserving help

By Peter Norman

THE International Monetary Fund is to press India's main industrialised trading partners to provide it with extra finance to help it cope with an expected balance of payments short-fall next year.

The IMF takes the view that the government of Mr PV Narasimha Rao has taken bold steps to solve the country's economic problems and that India deserves extra help.

Last month a meeting of India's official creditors and aid donors pledged loans worth \$6.7bn to help overcome India's financial problems in the financial year to the end of March 1992.

However, Mr Michel Camdessus, the IMF managing director, is concerned that extra financing needs will arise next year and that these will require prompt assistance through so-called fast disbursing loans.

At a press conference in Bangkok yesterday he called on India's official and private creditors to give the country their full support.

India has emerged as a leading client of the IMF this year as it has struggled to cope with high inflation and around \$70bn of foreign debt.

The IMF has granted India

loans totalling \$2.6bn, nearly all of which has been disbursed since the beginning of 1991. It is in the final stages of preparing a stand-by credit facility to help India through the following 18 months.

The fund is also preparing to negotiate an extended financing facility (EFF) to help India overcome its balance of payments problems over a period of three years. It is thought that this facility could be worth the between \$2bn and \$3bn.

India has avoided defaulting on its debt service obligations and has never sought to reschedule its debt. None the less, it has experienced increasing difficulty in obtaining external finance.

The IMF is rallying its creditors because it has been impressed with the tough macroeconomic stabilisation package that was introduced after the government came to power in June. The IMF strongly supports India's tough monetary policy and its plans to cut its budget deficit and liberalise its trade and foreign investment rules.

However, fund officials say that further structural reforms are needed and that new IMF loans will be conditional on progress in this area.

Brazil accord could be in place by December

By Peter Norman

THE International Monetary Fund hopes to reach agreement with Brazil on an IMF credit and a Brazilian economic reform programme by December, according to Mr Michel Camdessus, the IMF managing director.

He told a press conference in Bangkok that a fund mission had reached an understanding with the Brazilian authorities on the main elements of a economic stabilisation strategy and reform programme for 1992 and 1993.

A Brazilian delegation is planning to visit Washington towards the end of this month with a view to completing a draft letter of intent for the fund. Mr Camdessus said he hoped that agreement at staff level could be reached by early November.

If he were satisfied with the

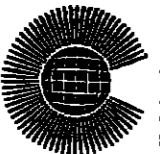
package he would submit it to the IMF's executive board with the aim of final agreement in December.

Mr Camdessus suggested that the support package could contain so-called set-aside provisions that would give Brazil the option of reducing its debt burden. It is thought that Brazil is seeking a \$2bn stand-by credit from the fund that would be disbursed in tranches over a 20-month period depending on the progress of economic reform.

That Brazil needs economic reform was underlined in the IMF's World Economic Outlook, published on Wednesday. It forecast falling output in Brazil this year and warned that its inflation would be higher than the 150 per cent average forecast for Latin America as a whole.

Debt relief call by Commonwealth finance ministers

By Stephen Fidler in Kuala Lumpur



FINANCE ministers of the Commonwealth ended a meeting yesterday with a strong call for quick action to extend relief on the debt owed by the world's poorest countries to richer nations.

They called for early agreement on the so-called Trinidad Terms, the debt relief proposals made a year ago by Mr John Major when he was chancellor of the exchequer.

Implementation of the proposal has been delayed by opposition mainly from the US, for which it would imply sizeable costs to its budget. However, officials from Britain and the other industrialised countries in the Commonwealth prevented the meeting's final communiqué calling for more radical measures on debt relief.

Many Commonwealth governments complained that the exceptional aid extended to Poland and Egypt - both of which have won agreement to have at least half of their debt to foreign governments written off - should be extended to other countries.

Mr Anwar Ibrahim, Malaysian finance minister, who chaired the meeting, said there must be more consistency and transparency in the approach to debt relief by the Paris Club of creditor governments.

There is expected to be strong pressure in support of the Trinidad Terms proposal at the meetings of the International Monetary Fund and World Bank in Bangkok over the next week.

UK officials said they were disappointed that the plan - which would involve writing off two-thirds of outstanding government-to-government debt owed by a group of very poor countries, mainly in Africa - had not been agreed either at the London summit of industrialised countries in July or in the subsequent Paris Club meeting in September.

Mr John Maples, the British Treasury's economic secretary and its main representative at the meeting, sought to defend the British rejection of an EC Commission proposal which would have cancelled special development loans given to 69 countries in Africa, the Caribbean and the Pacific.

He said the blanket approach to the write-off of these loans, called for by the Commission, contradicted the international debt strategy which emphasised a differentiated approach to debt relief. Under this strategy, official debt relief was given to countries that are very poor, very heavily in debt and are pursuing satisfactory economic policies.

The two-day meeting also applauded the reduction in arms spending by industrialised and developing countries following relaxation of global tensions. It called for industrialised countries to "seize the opportunity provided by the peace dividend to increase the volume of their assistance to the developing countries."

Ministers from Caribbean states discussed implementation of a \$25m-\$50m Caribbean investment fund, a commercially oriented mutual fund that would invest mainly in unquoted companies in the region.

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INTERNATIONAL NEWS

Baker meets Palestinian leaders on peace process

By Lionel Barber, US Editor, in Washington

MR James Baker, US secretary of state, held talks with prominent Palestinian leaders on the occupied territories yesterday amid intensified US efforts to reach final agreement on a Middle East peace conference.

Mr Baker leaves tomorrow for the Middle East, where he will travel to Egypt, Jordan, Syria and Israel in the hope that he will be able to iron out the remaining objections to a conference tentatively planned for this month.

US officials said Mr Baker might meet Mr Boris Pankin, the Soviet foreign minister, at some point during his shuttle

diplomacy. One option is for the US and Soviet Union to issue invitations to the parties, in effect daring them not to come to the conference.

The talks in Washington yesterday were attended by Mr Baker and Palestinian negotiators, including Mr Faisal Husseini and Mrs Hanan Ashrawi. The Palestinians are playing a go-between role between the US and the Palestine Liberation Organisation (PLO), and are discussing the composition of the planned joint Jordanian-Palestinian delegation to the conference. Israel has said it will not attend a peace conference if the PLO is represented, or if Palestinians attend who are linked to the PLO.

A US official said the tensions among all the parties involved were tremendous as the diplomatic end-game reached a climax. US-Israeli relations are under severe strain, wrecked by President Bush's delay in approving \$10bn (£5.8bn) in loan guarantees - needed by Israel to raise funds for settlement of a wave of Jews immigrating from the Soviet Union - and the latest dispute over Israeli reconnaissance flights inside Iraqi air-space.

Mr Baker's interest in re-establishing a working relationship with the PLO leader is aimed partly at increasing its leverage with the Tunis leadership ahead of the planned peace summit.

Mr Arafat is pressing for a meeting of the leaders of the four Arab "frontline" states facing Israel - Egypt, Syria, Lebanon and Jordan - plus the PLO to prepare a joint approach to the US-Soviet sponsored peace conference, but Egypt and Syria have responded cautiously.

It seems likely the co-ordinating meeting, if held, will be at foreign minister level.

Mr Nabil Shaath, a senior PLO official, said in Cairo yesterday that Mr Arafat's emergence as the "acclaimed leader" of the Palestinians at the recent Algiers session of the Palestinian "parliament-in-exile" had prompted Egyptian steps towards rapprochement.

Flexible and moderate resolutions backing US Middle East peace efforts that emerged from the Palestine National Council session had also contributed to the Egyptian gesture towards Mr Arafat, Mr Shaath said.

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A Vietnamese child looks through a wire screen locked down with handcuffs at a Hong Kong detention camp yesterday. The camp holds boat people awaiting screening

Blow to Hawke government as jobless rate rises

By Kevin Brown in Sydney

AUSTRALIA'S seasonally adjusted rate of unemployment jumped from 9.8 to 10.2 per cent last month, after hovering just below the psychologically important 10 per cent barrier for most of the year.

The increase is a blow to Mr Bob Hawke's Labor government, which said last year that the current economic recession was unlikely to push unemployment above 10 per cent.

Labor has recovered to within 7 points of the Liberal/National party opposition in recent opinion polls, after trailing by 23 points a year ago, but remains vulnerable to claims that it has mismanaged the economy.

Mr John Dawkins, the employment minister, sought to minimise the impact by forecasting a recovery in employment growth and drawing attention to plans to speed up the decision-making process for big infrastructure projects.

However, Mr John Kerin, the treasurer (finance minister), said there was nothing in the figures to change his August budget forecast that unemployment would reach 10.75 per cent before falling slowly next year.

Analysts said that the 0.4 percentage point increase in unemployment in September supported government claims that the rate of increase was falling, following rises of 0.5 percentage point in July and

one percentage point in June. Most leading indicators suggest the economy has passed the trough of the recession, which caused a contraction of 2.4 per cent in gross domestic product in the 12 months to the end of June.

Recent improvements in motor vehicle sales, building permits and other indicators were supported yesterday by Dun & Bradstreet's quarterly survey of business expectations, which rose for the third successive quarter.

However, the increase in unemployment will increase pressure from the trade unions and the Labor left-wing for a further cut in official short-term interest rates, currently 9.5 per cent, compared to 13 per cent in early 1990.

Mr Paul Keating, the former treasurer, who is still campaigning to replace Mr Hawke, recently endorsed calls for an interest rate cut as part of an effort to enlist left-wing support.

Many economists believe a further easing in monetary policy would over-stimulate the economy, but the Reserve Bank is widely expected to cut rates by up to one percentage point before the end of the year.

The cut could come early next month, provided the September quarter inflation figures due on October 30 show a further fall from the current annualised level of 3.4 per cent.

Cairo lets Arafat in from cold

By Tony Walker in Cairo

EGYPT yesterday signalled a warming of relations with Mr Yasser Arafat by giving prominence in its official press to a personal message to the PLO leader from President Hosni Mubarak.

Mr Mubarak's message of congratulations on Mr Arafat's recent re-election as Palestine Liberation Organisation chairman coincides with closer co-ordination between Cairo and the Tunis-based PLO leadership in preparation for a Middle East peace conference.

Mr Arafat, who supported Iraq in the Gulf crisis, was subjected to vehement personal attack in the Egyptian press and was effectively banished from Egypt for the past year.

Mr Mubarak's personal message, published prominently on the front pages of the main Cairo dailies, was clearly meant to signal moves to end Mr Arafat's estrangement from the Arab mainstream, although Gulf states and Syria are expected to proceed more cautiously.

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Troops disperse Zaire protest

TROOPS fired in the air to disperse a demonstration by opponents of Zaire's President Mobutu Sese Seko yesterday as efforts to form a crisis government continued. Reuter reports from Kinshasa.

About 100 troops briefly surrounded the headquarters of the main opposition Union for Democracy and Social Progress (UDPS) party of Prime Minister Etienne Tshisekedi before pulling back.

Some troops then moved to nearby positions outside Mr

Tshisekedi's house as four armoured personnel carriers raced through the streets, forcing people to scatter.

Meanwhile national radio claimed a new government was about to be named.

The announcement, if true, would mark yet another twist in the on-off negotiations between the strongman president and his long-time critic Mr Tshisekedi to form a government after riots that have left at least 117 dead and devastated the capital Kinshasa and

several provincial cities.

Mr Tshisekedi has been trying for more than two weeks to form the country's first opposition government in more than two decades.

On Wednesday he said he thought an agreement had been reached. But it fell apart the same day after Mr Mobutu's demand that his United Forces for Democracy presidential coalition should get 11 seats in the 22-member cabinet. Mr Tshisekedi rejected the condition.

Angolan army chiefs named

THE Angolan peace process took a step forward with the announcement yesterday of the names of the commanders for Angola's future united armed forces, agencies report.

They are Gen Joao de Matos, the present chief of staff of the government's ground forces, and Gen Alberto Pongolola of the US-backed Unita rebel movement, according to the Joint Political and Military Commission which is overseeing the transition to multi-party elections.

Jordanians braced for showdown

King Hussein is taking on fundamentalists, writes Lamis Andoni

A DISPUTE in Jordan between King Hussein and Islamic fundamentalists over the proposed Middle East peace conference is threatening to undermine the country's two-year-old experiment with democracy.

The fundamentalists are opposed to talks with Israel, but the king is determined to take part in the US-sponsored conference because he regards it as vital for the security of his regime and Jordan as a whole.

Jordan has emerged from the Gulf war with empty coffers and few friends because it refused to join the US-led alliance which drove Iraq out of Kuwait and because its largely Palestinian population sympathised with President Saddam Hussein.

The pressures on the fragile Jordanian economy have been increased by the resulting influx of some 300,000 Palestinians expelled from Kuwait and the other Gulf states.

"Up until the Gulf crisis Jordan was functioning under the American umbrella," said one former Jordanian senior official. "During the war Jordan withdrew from the umbrella. Now Jordan is being forced to go back to America but King Hussein has to be careful not to provoke public dissent."

The king is all too aware of parliamentary opposition to dealing with Israel - the Muslim Brotherhood forms the largest bloc in Jordan's parliament - and has sought to go over the heads of the politicians by covering a "national congress" to give its blessing to his policies.

The congress was supposed to gather yesterday, but the

palace announced that King Hussein had a cold and that the meeting was postponed until tomorrow.

Fundamentalists had planned to stage a protest rally today in a direct challenge to the king, but the government imposed a ban; yesterday the fundamentalists said they did not want to be dragged into a violent confrontation by ignoring the ban.

Earlier in the week, the Brotherhood led a motley collection of 50 of the 80 members of parliament in a petition for the resignation of the government of Mr Tahir al-Masri, the moderate Palestinian prime minister.

The call did not carry constitutional weight, as parliament is in prolonged recess in accordance with a royal decree, but it amounted to a strong political statement, especially after the resignation of five ministers who opposed peace talks with Israel.

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The tension has been increased by the trial, which opened yesterday, of 18 fundamentalists on charges of using terrorism in a plot to turn the kingdom into an Islamic state.

The Brotherhood once regarded the king as an ally, but has now forged an improbable anti-government coalition with Arab nationalists, some extreme leftists and the East Bank traditionalists; these last - the constitutional bloc - are the king's natural allies and do not oppose the Middle East peace process, but they were ignored in the last cabinet reshuffle, their role has been diminished by democratisation and they resent the Palestinian influence in government.

Mr al-Masri comes from an influential Palestinian family and his appointment by the king last June was aimed at forging Jordanian-Palestinian unity and paving the way for a joint Jordanian-Palestinian delegation to the peace conference.

The tactical alliance between the constitutional bloc and the Brotherhood came as a surprise to Mr al-Masri's cabinet, which felt able to relax after the Palestine National Council's parliament in exile, left the door open for Palestinian participation in a conference.

The PNC declaration has also dampened opposition among Palestinians in Jordan to the peace process.

But the imminent showdown between the government and the Muslim Brotherhood has raised concerns about the future of democracy. This week the government censored a leftist newspaper for criticising the royal decree prolonging the parliament's recess.

"We do support the government but we believe that it is extremely dangerous to take major political steps in the absence of the parliament," said Mr Tayseer al-Zabir, leader of the Jordan People's Democratic party, whose newspaper al-Ahali was censored on Wednesday.

In the view of many politicians, the Brotherhood and other opponents of the peace process may in the absence of the parliament try to challenge the government by rallying direct support from the people, especially in the Palestinian refugee camps.

Mr Latif Eshbelat, a member of parliament and prominent Islamist, said in a reference to King Hussein's national congress: "This step is unconstitutional. If they (the government) want to resort to unconstitutional ways to secure popular blessing we shall do the same by appealing directly to the public opinion."

Meanwhile the king and his government are waiting nervously for the Palestine Liberation Organisation to make clear its final position on the conference.

The PLO has yet to agree to formation of a joint Jordanian-Palestinian delegation. Mr Yasser Arafat, PLO chairman, is due in Amman over the weekend, and if the PLO remains undecided or says no, public opinion in Jordan may lean against the peace conference.

If it occurs, King Hussein might have to take the risk of sacrificing his democratic credentials in order to attend the peace conference, while a PLO decision against participation could undermine the conference itself.

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Li plays down problems of economy

LI PENG, China's premier, acknowledged the problems in China's economy in a speech released yesterday but sought to reassure the Chinese people of the nation's economic well-being. AP-Dow Jones reports from Beijing.

Li outlined China's economic situation in the speech, delivered on September 23, at the opening of a Communist Party Central Committee conference on the economy attended by top leaders from throughout the country.

The conference was to discuss ways to improve state-owned large and medium-sized enterprises. But Li made only passing mention of the great problems in the state sector, which employs nearly all of China's urban work force and provides 80 per cent of government income. Nearly 40 per cent of state enterprises operate at a loss, despite large-scale government cash infusions each year.

He devoted most of his speech to painting a rosy picture of the economy. He said it was "improving as a whole" despite the "grim circumstances" of international developments.

"We have been gradually breaking the economic and political sanctions imposed on China by the west," he said.

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EUROPEAN COURT OF JUSTICE

Lord Young tried to 'hide millions' in aid to BAe

LORD YOUNG, the former UK trade and industry secretary, tried to hide millions of pounds in illegal government aid to British Aerospace (BAe) as part of the deal to privatise Rover, a court heard yesterday.

The European Court of Justice in Luxembourg was told that during the sale negotiations in 1988, Lord Young offered BAe concessions worth £44.4m as an inducement to BAe to pay £150m for the car group.

He told the then BAe chairman Professor Roland Smith in a letter to keep things quiet or risk alerting the European Commission, the court heard.

The details emerged in BAe and Rover's court battle against a European Commission order to pay back the "sweeteners" to the UK government.

The Commission was closely involved in the terms of the Rover takeover. It cut the government's planned debt write-off from £80m to £48m and set conditions for the sale which included an instruction that the government "does not alter the proposed terms of sale as communicated to the Commission".

But Commission solicitor Thomas Cusack told the court today that three financial concessions granted by the government were not covered by the agreement with Brussels.

They were a £3.5m payment to BAe covering the purchase cost of minority shares in

Rover, a £1.5m handout to Rover covering external advice costs linked to the sale, and - most important - a benefit to BAe estimated at £33.4m resulting from the deferment of the sale price payment by 20 months from August 12 1988 to March 30 1990.

Mr Jeremy Lever QC, for BAe and Rover, urged the court to annul the Commission demand for repayment because the companies were innocent parties.

He said BAe believed it was honouring the agreement reached between the government and the Commission and had no way of knowing that what was being offered by the government was not in line with what Brussels would allow.

But Mr Cusack told the court BAe was "perfectly well informed" in the summer of 1988 about what was going on. Then he produced the letter sent by Lord Young to Professor Smith.

In it, Lord Young said: "On deferment of payment of the £150m I can offer three possibilities, in ascending order of risk that the deferment will be picked up by the European Commission. In any case they might require payment of the national interest saved."

He suggested three dates for final payment and then went on: "Deferment would be apparent from both government accounts and your own. Lord Young offered the alter-

native of keeping the government's grant to BAe at £9.5m or increasing it to the maximum of £13.5m, leaving the company to accept the greater risk of being challenged by Brussels.

Mr Lever told the court Professor Smith responded immediately to what he called Lord Young's "pick-up" letter.

The next day, BAe replied "making it perfectly clear albeit in diplomatic language that that is not the basis on which to proceed".

Mr Lever said Lord Young was left in no doubt that BAe expected the matter to be dealt with in a proper manner.

"BAe would proceed on the basis that the matter was being dealt with properly," added Mr Lever.

Mr Lever told the judges BAe was not to blame for any misunderstanding and it would be "unjust" to order it to repay the money to the government.

He said BAe was given no opportunity to challenge the decisions of the Commission about the sale of Rover.

Mr Cusack said BAe was claiming the right to be heard. But it also had the right to stay silent and that was what it had done in the summer of 1988 - "not a word at the time, of course, why should they?"

He said the Commission considered the £44.4m as state aids which were illegal under EC rules. The court is expected to deliver its verdict on December 4.

Accounting board to review rules

By Norma Cohen

CHANGES TO a number of accounting rules which have been used by companies to show larger profits on financial statements are being considered by the Accounting Standards Board (ASB).

Among rules under review are those of so-called equity accounting which allow companies to claim as their own a portion of the profits in companies in which they hold a minority interest.

The practice is widely used by UK companies. Professor David Tweedie, the ASB chairman, said yesterday that current rules could produce "a misleading figure of profit".

Speaking at a Financial Times conference on financial reporting in the UK, Prof Tweedie said the ASB is unlikely to eliminate equity accounting completely, but it is considering setting tighter rules for declaring profits from a minority subsidiary.

Separately, he said the ASB was considering whether companies had too much discretion over the method of depreciation of their assets.

British Gas to face open competition

By Deborah Hargreaves

THE government has announced sweeping changes to British Gas in a bid to encourage more competition in the gas market after an official report found the company still retains a virtual monopoly in all areas of gas supply after six years in the private sector.

Mr Peter Lilley, secretary of state for trade and industry, said that British Gas would be given until the end of the year to comply with recommendations made by the Office of Fair Trading report which was released yesterday. After that, it could face a reference to the Monopolies and Mergers Commission.

Mr Lilley told the Tory party conference in Blackpool that at present only British Gas had the right to supply any but the largest corporate users. "We shall take powers to end this monopoly."

The minister agreed to reduce progressively barriers for entry by competitors into all areas of gas supply. His action opened the way for homeowners eventually to be able choose an alternative supplier to British Gas.

Midlands Gas, the gas supply arm of the privatised electricity company, said it would be eager to attack British Gas' domestic market in a couple of years, raising the prospect that customers could buy gas and electricity from the same supplier and receive one bill.

Competition for the household market would be eased by another OFT recommendation that the pipeline and storage facilities of British Gas be hived off as a separate company. This would make it easier and cheaper for competitors to transport gas across the existing grid.

British Gas appeared shocked at the extent of the OFT's recommendations and said the implications were so significant it needed to consider its position carefully. The OFT's review found that little real competition had developed in the gas market in the past three years and much of this was due to British Gas' continued dominance in all areas of the industry.

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UK NEWS

BRITAIN IN BRIEF



Court asked to clarify BCCI ruling

Price Waterhouse, the accountants, has asked for a High Court ruling to clarify its position in complying with requests for documents from a number of investigatory and regulatory authorities looking into the collapsed Bank of Credit and Commerce International (BCCI).

The ruling is expected to have a crucial influence on the effectiveness of the Bingham Inquiry established to examine the regulatory work of the Bank of England before BCCI's closure on July 5.

Price Waterhouse is concerned about the position of client confidentiality in relation to documents sought by the Bingham Inquiry into the bank's affairs, which has no statutory powers.

Consumers get more confident

Consumer confidence lifted in the third quarter in all UK regions, according to a survey yesterday which gave qualified backing to government predictions of an upturn this year. According to the joint survey by Gallup and Business Strategies, a consultancy, this increase in sentiment implies a half-point rise in consumer spending over the second quarter.

Graduates want teaching jobs

Applications from graduates for teacher training places have dramatically increased this year, with 70 per cent more applicants than last year in the key shortage subjects of mathematics and physics.

The total number applying to take the one-year post-graduate certificate of education has risen by more than a quarter - from 19,672 to 24,740 - according to provisional figures released by the Graduate Teacher Training Registry.

The biggest increases are for training places in maths (up 70 per cent), physics (72 per cent), business studies (63 per cent), craft design technology (103 per cent), computing (91 per cent) and classics (63 per cent). Applications for English, modern languages and the humanities all increased by between 10 and 50 per cent.

Vehicle sales slump 21.7%

New commercial vehicle sales slumped 21.7 per cent in September to 18,126 according to figures released by the Society of Motor Manufacturers and Traders.

Commercial vehicle sales, a significant barometer of economic activity, have shown a year-on-year decline for 24 consecutive months, and van and truck makers see little sign of an early recovery in demand.

Sales in the first nine months of 1991 were 23.5 per cent lower than a year ago.

Study planned on east London

The government is to commission a study of the business and industrial development of the east Thames corridor - stretching from Docklands in east London to Tilbury in Essex and the Medway Towns in Kent.

Mr Michael Heseltine, environment secretary, is to appoint consultants to consider the development potential. Simultaneously Sir George Young, planning minister, has invited local authorities and planning organisations to meet him to discuss the project. Sir George says that he wants a concerted approach involving partnership between central and local government and the private sector.

Almost 10m 'are in poverty'

The Low Pay Unit said almost 10m people in Britain are paid "poverty" wages.

The number of adults in full-time work earning poverty pay had risen by a quarter since the Conservatives came to office in 1979, the left-wing pressure group added.

The unit said more than a third of full-time adult workers now earned less than the Council of Europe's so-called "decency threshold" of £193.60 a week, compared to 28 per cent in 1979.

Part-timers lose court bid

The Equal Opportunities Commission has failed to get a High Court ruling against the government in a landmark case on the legal treatment of up to 5.6m part-time workers in the UK.

The Court ruled the government was justified in excluding employees who work fewer than 16 hours a week from protection against unfair dismissal and the right to redundancy pay.

Britain was not in breach of the Treaty of Rome or European Community directives, said the Court.

The EOC, which may appeal, had claimed the current government rules on part-time workers also discriminated against women who represent 90 per cent of workers in part-time employment.

Roux gives evidence

Commercial logic, not share price, had swung institutional investors into accepting Guinness's offer for Distillers, Mr Oliver Roux, former Guinness finance director, told a London court.

Giving evidence during the Guinness fraud case, Mr Roux said: "If you had done a poll of the major institutions I guess 90 per cent would have said the share prices were irrelevant to their decision."

Share support, he added, had been irrelevant. At a time when there was little difference between the two bidders' share prices the total of Distillers' shareholders accepting Guinness's offer had risen while those accepting that of rival bidder Argyll had not.

Lord Spens and Mr Roger Seelig, former corporate finance director at Morgan Grenfell, are jointly charged with unlawfully conspiring to induce Distillers shareholders to accept Guinness's offer. Mr Seelig faces another charge under the 1985 Prevention of Fraud (Investments) Act and two of false accounting. Lord Spens faces one false accounting charge. Both plead not guilty.

Labour plans disabled law

The opposition Labour party has unveiled plans to outlaw discrimination against the disabled on employment, provision of services, housing, education, transport and access.

Mr Alf Morris, party spokesman for disabled people, published a policy document claiming that there was "rampan" discrimination against the 6.5m disabled in Britain.

The party plans a "comprehensive disability benefit" to replace the present range of benefits. It would guarantee an income for people unable to work and would be based on the degree of a person's disability.

Mr Morris acknowledged there was "no precise costing" of this proposal. Labour also promised to enforce the quota system which requires employers to fill 3 per cent of jobs with registered disabled people.

Election delay may cost seats

Delaying the general election to May 1992 could cost the Conservatives 64 seats - and its overall majority in the House of Commons - if the number of unemployed in marginal constituencies was the deciding factor, according to an analysis published yesterday.

The Unemployment Unit, a pressure group, said that in 52 Tory-held seats, the number of unemployed constituents exceeded the MP's majority. Losing 52 seats would mean the government would be five seats short of an overall majority, holding only 321 constituencies.

Brussels seeks noise control

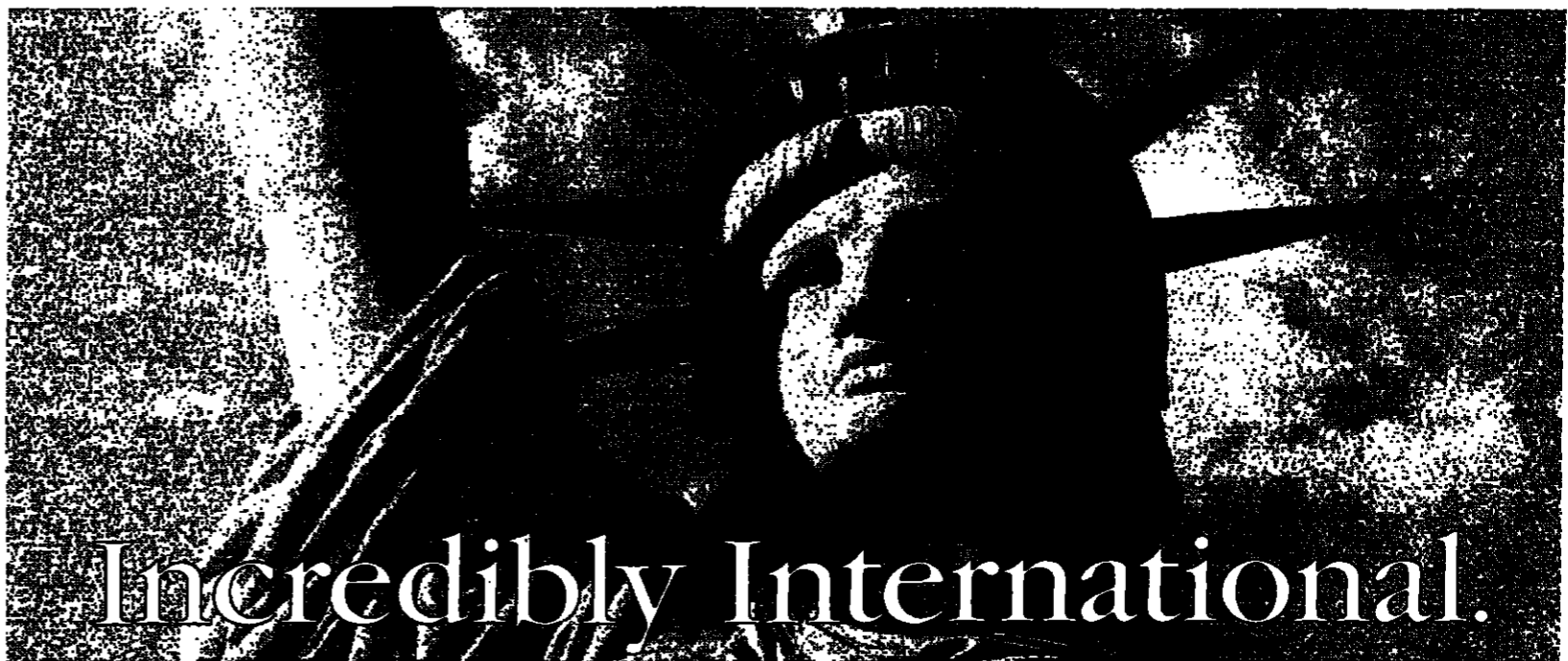
The European Commission is planning sweeping new rules on the control of noise in the workplace that will impose heavy costs on industry and fail to provide greater protection to workers' hearing, according to the Engineering Employers' Federation (EEF). The EC draft directive, which is still at an early stage and is unlikely to be adopted until at least 1993, proposes a range of controls down to 75 decibels (dB), rather than the current 90 dB.

Heinz plans redundancies

The British subsidiary of H.J. Heinz, the US food company, plans an undisclosed number of redundancies at its headquarters in Hayes Park, Middlesbrough, as part of a corporate reorganisation.



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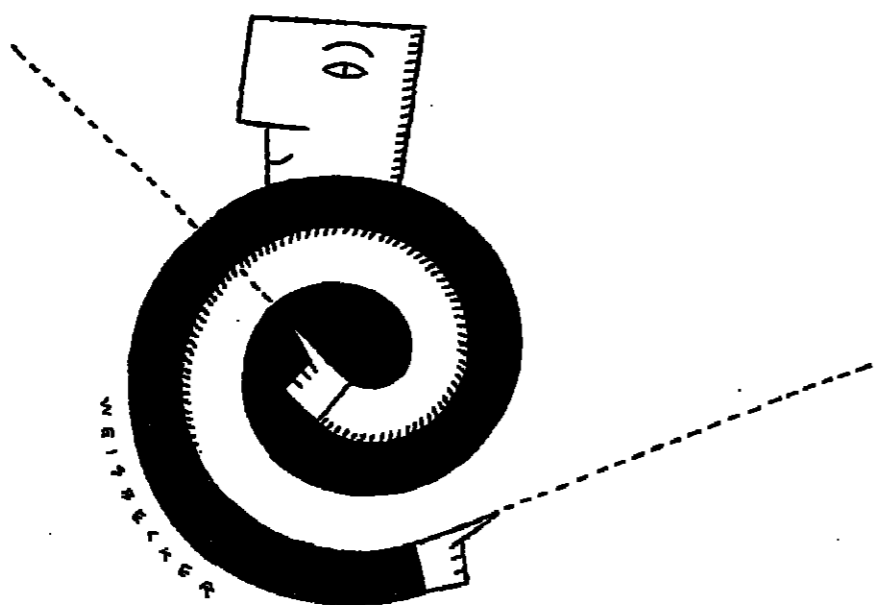
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UK NEWS



Darling of the party: Heseltine elected in 1966, conference triumph in 1976, and after a spell in the wilderness and his challenge to Thatcher, triumph again in 1991

Tories launch offensive against Labour policy

By Ivo Dawney and Alan Pike

THE government took to the political offensive yesterday after a powerful speech by Mr William Waldegrave, the health secretary, charged Labour with "quite deliberately" scaring the public with false claims of an imminent privatisation of the service.

With relieved party managers declaring the health issue at least temporarily defused, Mr John Major will today use his first speech to the annual conference as prime minister to outline his agenda for a new Conservative government and rally the party for the coming general election.

His address, winding up the four-day conference, will claim recovery is underway and portray the Tories as the natural champions of economic prudence, opportunity and choice against a Labour party fatally wounded by the worldwide collapse of socialism.

Yesterday, the Conservatives appeared to have shrugged off a hesitant start to the week in a series of confident platform speeches, defending the government's record and challenging Labour to detail how its

alternative policies would be funded.

They included a fierce attack by Mr Michael Heseltine, the environment secretary, on Labour's local government record and an upbeat presentation of the government's industrial strategy from Mr Peter Lilley, the trade secretary.

Party managers had started the day acutely aware of the need to lift the mood after an opening two days, coloured by controversy over Europe and the nostalgic sentiment that greeted Mrs Thatcher's return to the platform.

Above all the image-makers were anxious that Mr Waldegrave's crucial NHS speech would rally the party behind the reform programme, reaffirm the government's commitment to a modernised health care service and silence recent criticism of his public performance.

In the event, the warm reception received by the health secretary convinced most conference-goers that these objectives had been comfortably achieved.

Nonetheless, senior Tory fig-

ures conceded yesterday that the fight back on health has only now begun in earnest.

Mr Waldegrave opened his speech with a fierce attack on Labour claiming the government was fully committed to "free and equal access to the very best in health care" as the central tenet of a 10-point charter of patients rights.

By contrast the government was tackling waste and inefficiency by maximising resources for patient care, ensuring that "the service is treating more people, more efficiently, with better treatments than it was when we came to power."

Mr Waldegrave went on to announce that he has set up an enquiry under Professor Sir Bernard Tomlinson to look into London's health care system.

But last night Mr Robin Cook, Labour's health spokesman, said Mr Waldegrave had "said nothing about the gathering financial crisis in our hospitals, other than to say that London got too much money."

Analysis, Page 17

Michael forgiven his role as first murderer

By Allison Smith

THE foot-stomping, cheering, standing ovation that representatives bounded out of their seats to give Mr Michael Heseltine yesterday was certain: but only once it had happened.

It was six long years since he had addressed the annual party conference from the platform.

Since then there had been his damaging resignation from the Cabinet over the Westland helicopter affair, and more recently his role in removing Mrs Thatcher, the idol of the Tory conference.

Moreover, the almost uncontrollable emotion of the welcome for Mrs Thatcher on Wednesday showed that the party faithful had not forgotten her demise last November.

Here was the first murderer, the man who first dared to challenge her for power last year and precipitated her fall, with the second murderer - in the form of Sir Geoffrey Howe - on the platform to listen to him.

Would Mr Heseltine, the one-time darling of the conference with his explosive oratory and sweeping mane of hair, be able to win back the hearts of the Tory rank and file?

Boldly, he picked the theme of executions in a passage mocking the extent of Labour's purge against Militants - "Mr Neil Kinnock, this veritable Robespierre of the Walworth Road" - a reference to Labour party headquarters. There was no sign in his reception that he had played Danton to Mrs Thatcher's Marie Antoinette.

It was not on local government that the speech achieved lift-off, however, but on the political flair that makes him perhaps the best party chairman the Tories never had.

His ridicule of Labour's singing of "We shall overcome" at their conference last week involved a far recitation of one verse of the lyrics - essentially "We shall overcome" repeated a few times - before the pay-off: "By comparison with recent Labour documents that's a radical and clear statement of policy."

When Mr Heseltine says that "We are going to take the Labour party apart as we have never done before," conference believes him.

"He's done it again," said Sir Joseph Barnard, who was chairing the session. He certainly had.

Maastricht pact 'within UK's grasp'

A TREATY on economic and monetary union (Emu) was within Britain's grasp, Sir Leon Brittan, the vice-president of the European Community, said yesterday.

He said that although the UK would not have to decide for a few years whether to join Emu, the debate should start now so that Britain was ready when the time came.

And emphasising his view that some changes to the powers of the European parliament

would be needed to secure an agreement on political union at the Maastricht summit, he argued that giving Strasbourg more scope to act as a brake on EC decision-making would neither be against Britain's interests nor an infringement of parliamentary sovereignty.

Speaking to a conference fringe meeting Sir Leon said that Emu would give the European Community as a whole more power over world financial policy, and would reinforce

the benefits the UK had already gained from entering the Exchange Rate Mechanism. In total, its advantages amounted to "more, not less, economic and financial power for the 12 member states of the European Community."

And he insisted that there would be no great loss of political control over the economy. The national governments would continue to decide how much to tax people and how to spend the revenue raised.

Lamont seeks the moment to enter the narrow band

Peter Marsh examines the problems facing sterling

AS sterling remained under pressure yesterday on foreign exchange markets, questions were being raised as to whether the government had missed a golden opportunity to support the currency in the sensitive pre-election period.

The pound's lacklustre performance this week - it has become the weakest member of the European Monetary System's exchange rate mechanism (ERM) - has embarrassed ministers at the Tory party's annual conference.

It may also have delayed a further cut in interest rates, now at 10½ per cent, which many believe will be necessary to strengthen the UK's chances of economic recovery.

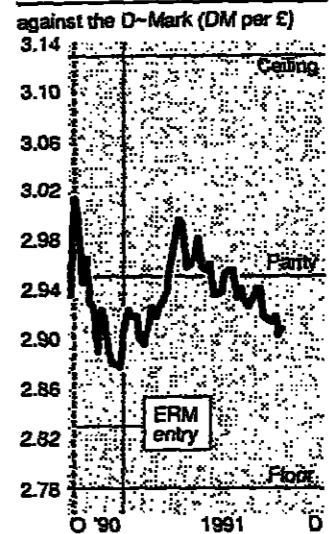
The slip in sterling's value to around DM2.90 has been caused largely by nervousness about the state of the economy and divisions in the Conservative party over Europe.

Some analysts believe Mr Norman Lamont, the chancellor of the exchequer, has a sticking-plaster for the pound's problems, which so far he has not used. This would entail shifting sterling to a narrow band in the ERM, which would reduce the margin for movement of the currency around its DM2.85 central rate, from 6 per cent to 2½ per cent.

Coming so close to next year's election, such a move would be bold.

Opting for a narrow band would emphasise Britain's commitment to membership of the ERM, which it joined 12 months ago last Monday after years of indecision. It would mean that sterling joined virtually all the other eight Euro-

Sterling
against the D-Mark (DM per £)



pean currencies in the mechanism in moving to a narrow margin. At present only the Spanish peseta and the pound are in the 6 per cent band.

Most importantly for the government, a 2½ per cent band would underscore the government's determination to keep inflation down to German levels. It would also, according to narrow-band proponents, put a firmer floor under sterling.

How a narrow band for the pound would work probably has more to do with psychology than with the technicalities of foreign exchange. It would provide an effective floor within the ERM of about DM2.88, rather than DM2.86 with the wide band. The pound would have less far to fall

before, under ERM rules, the other countries in the system clubbed together to buy the unit. But the theory is that the official underpinning at the higher level would provide the necessary support.

Even though Mr Lamont has said he wants to take sterling into a 2½ per cent band at some point, he has been careful not to say when. It appears highly unlikely that he will take the plunge soon.

The first reason is that sterling is widely agreed to have had a good first year within the ERM. During this time, it has mostly been highly stable. "If it isn't broke, why fix it?" asks Mr Simon Briscoe, an economist at Greenwell Montagu, who says there is no particular hurry to switch bands.

In spite of its successful first year in the ERM, there are concerns over potential damage to the government's electoral prospects. If the theories about psychological support for the pound on foreign exchange markets in a narrow band prove incorrect, a move to tighten the constraints on sterling could make it difficult for the pound to stay stable within the mechanism, especially if the Bundesbank raises German rates in the next few months.

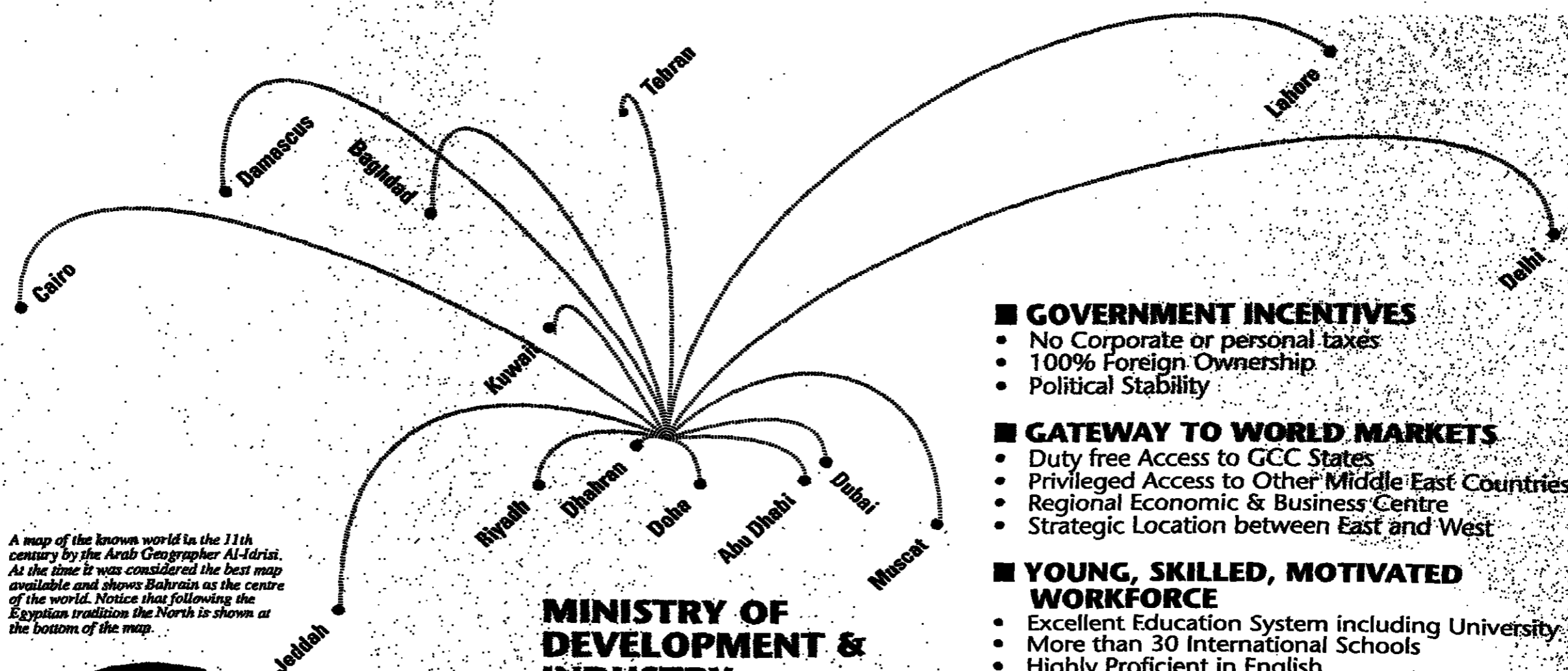
That could force the UK to increase its own rates early next year, which would be highly unpopular with voters.

Mr Lamont is keen on being talked about as the chancellor who brought down inflation, and kept it down.

He does not, however, want to go down in history as the man whose decision on a narrow ERM band cost his party an election.

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A map of the known world in the 11th century by the Arab Geographer Al-Idrisi. At the time it was considered the best map available and shows Bahrain as the centre of the world. Notice that following the Egyptian tradition the North is shown at the bottom of the map.



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MANAGEMENT

Corporate culture

W H Smith opens a new chapter

Christopher Lorenz explains how the UK retailer is drawing up a mission statement and reports on its plans for implementing it both at head office and across the group



Sir Malcolm Field (left) and Sir Simon Hornby: wanting to foster more shared behaviour across all WHS businesses

Next Wednesday the top two dozen managers of W H Smith will meet to discuss the progress of what the British retail group calls its "Mission Project".

There will be two main points at issue. The first is a set of guidelines on how the group's head office, near Sloane Square, London, should relate to its constituent businesses in future, and how it can best add value to them.

The second issue is how the heads of divisions, including those of Our Price record stores and Waterstone's bookshops, can adopt in dealings with their own managers some of the principles of operation that the centre is now embracing under the title of "emerging values and behaviours" - notably more decentralisation, accountability, openness and teamwork than has been the norm in this traditionally paternalistic organisation.

One outcome from the meeting should be approval of the content of a revised, four-paragraph statement of the group's "vision", which will be published next year after it has been digested throughout WHS. Two longer, supporting papers will also be discussed at the meeting - and probably agreed, but only for internal distribution. These cover the group's "purpose", "role" and "style of leadership" (including values and behaviour).

Together with an already agreed statement of strategy, the three documents will constitute a much more thorough expression of WHS's sense of its character and direction than the meaningless statements which, outside America, have bred widespread cynicism about corporate expressions of "vision", "mission", "values" and so forth.

In the past, most European companies have avoided making such declarations, seeing them as somewhat arch exercises in public relations. But the widespread rush to enliven organisational cultures is changing many a corporate mind, especially in cases where recently acquired subsidiaries also need integrating.

Both factors apply to WHS. Behind its exercise lies the need, following the partial reversal of a lengthy diversification drive, to create a clearer sense of direction and a more effective head office.

WHS has also recognised that it must foster more cohesion between its collection of established and newer businesses. Through these are now quite closely related in terms

of markets, strategies and the sorts of skill which can be shared between them, they have very different cultures and ways of operating.

Sir Malcolm Field, managing director of W H Smith, says, for instance, that Our Price never employs managers from outside, while Waterstone's delegates an unusual degree of decision-making to individual bookshop managers.

Sir Malcolm and his chairman, Sir Simon Hornby, want to foster more shared behaviour across the businesses - towards employees and suppliers, as well as up, down and across the group itself (what WHS calls "due process"). But they also want to allow Our Price, Waterstone's and so on to preserve their own cultures to a considerable extent.

WHS is being helped through this complicated minefield of power relationships, culture (and behavioural jargon) by two academic consultants, Andrew Campbell and Michael Gould of the London-based Ashridge Strategic Management Centre.

Though best known for its work on contrasting corporate "strategies and styles", the Centre is now also gaining a reputation for its work on the much lesser concepts of mission, vision, values and behavioural standards.

Rather than employing such terms vaguely, as most business people have in the past, Ashridge advocates use of the concept of "mission" to embrace a carefully defined set of relationships between corporate purpose, strategy, values and behavioural standards. In true consultancy style, the concept has been christened The Ashridge Mission Diamond (see below).

Campbell and Gould's work for WHS on the revised role of head office grew out of a strategy review which they conducted in 1989 following a spate of WHS acquisitions in the late 1970s and 1980s. One of the review's main findings was that WHS strategy should be directed less at products than towards the type of skills - in marketing, purchasing, distribution, information systems, and other aspects of retailing - that could be shared between the various businesses.

The review was one of the factors behind the recent sale of several WHS businesses, notably in television and travel agencies. Like many other companies, WHS has only recently really taken to heart the risks of radical diversification, and has switched instead to a policy of diversification around its basic core.

From the strategy review also emerged the need to clarify - and alter - the role of head office, from a directive to a "coaching" role. "There had been misunderstandings among senior management about this, though we didn't realise it fully until Gould and Campbell got to work," admits Sir Malcolm.

The newly-acquired businesses, in particular, were uncertain which central services the group wanted them to use. They tended to ask such uncomfortable questions as "what is the added value of WHS?" Sir Malcolm concedes that he was finding this quite difficult. As in so many takeovers of entrepreneurial companies by large groups, the

result could all so easily have been dissatisfaction and demotivation among the subsidiaries.

Out of the debate about the role and power of head office grew the broader concept of its mission - and, by extension, that of the WHS group as a whole. Which is where the

WHS concept of "vision", a confusing deviation from Gould and Campbell's "mission" terminology, comes in. Since 1988 the group has published, both internally and outside, a statement of "strategy" or "objectives", and since

1989 a short "vision" statement as well. The first has not really been worthy of the name, as Sir Malcolm admits, it has been more a set of marketing objectives than a corporate strategy. Its replacement defines more carefully the scope of the group's chosen activities, and focuses more on such issues as the use of its core skills. It also clarifies the role of head office.

The "vision" (or mission) statement has inevitably proved to be more tricky to formulate, since it needed to be both crisp and comprehensive, challenging yet realistic.

In one sense, as Sir Malcolm says, "statements are really the last things that matter - what does our behaviour and processes". But ambitious statements such as the new WHS ones must be convincing, especially to employees.

This is a function partly of the degree of consultation which goes into preparing a statement, and partly of whether top managers are seen really to put the new principles into practice.

The depth of managerial involvement in preparing the new WHS vision statement is less extensive than at a number of model corporations in

the United States - one of the best known is Johnson & Johnson, the health products group, where the chief executive debated its "Credo" with thousands of employees over several years.

But, by past WHS standards, the level of consultation has been extensive. Since June, all the top two dozen managers have been involved, compared with only the top four when the first statement was formulated in the late 1980s. Then, the rest were simply told what it was going to be.

Changes in top management behaviour are a thornier issue, as they are in most other successful companies which decide they need to change their style. With their Guards background, both Sir Simon and Sir Malcolm are used always to leading from the front, so some of the values which they are now espousing do not come naturally to them.

Only a few months ago the task of changing Sir Malcolm's behaviour was dubbed by one close colleague as "Mission Impossible". But another now says: "I have witnessed changes - he's delegating and empowering more". The man himself has assured people that he will avoid wresting the initiative away from them.

Sir Malcolm says the business heads themselves now need to go through the same process as the one which he and the whole of head office have experienced, of deciding what their own role should be, how much power should be delegated how far, and what new behaviour this requires.

To accomplish these changes, some of which will be substantial, Sir Malcolm and Sir Simon are reluctant to call in specialist organisational change consultants. Instead, WHS is recruiting new blood from IBM and elsewhere into its group training department. Over the past year the department's role has also been shifted away from skills training to true management development.

Whether WHS corporate, and its constituent businesses, can really change their values and

behaviour rapidly remains to be seen. Below the centre, the magnitude of the task varies from business to business; some of the newly-acquired subsidiaries already epitomise much of the new behaviour, while one of the most long-standing, WHS Retail, began to undergo change well before it put out its own first mission statement in August 1990.

As for every other company which decides to put out a statement of vision, values, or mission, the greatest danger of all for WHS could be the creation of written expectations of new behaviour - trust, delegation, respect for the individual, and so forth - which managers at various levels are incapable of meeting.

This risk has been a recurrent cause of concern - and challenge to management - in the ambitious and highly publicised culture change process which British Petroleum launched 18 months ago.

In a recent book, *A Sense of Mission*, Andrew Campbell, the lead author, warned forcefully against raising unrealistic expectations of the pace at which managers can change their behaviour. Missions should not be hyped, he says. Instead, senior management should "calmly declare that these are the principles by which the company will be managed, and start taking decisions accordingly".

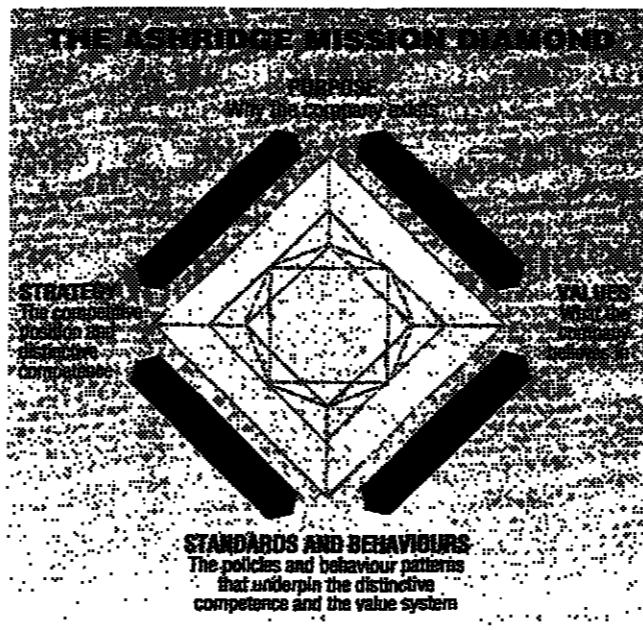
Nor should companies indulge in the futile exercise of launching a mission statement, however good it might be, on an unresponsive organisation, as London's Metropolitan Police did in the mid-1980s, for instance.

Most people sense a company's values through its behaviour standards, rather than from some explicit statement of them, Campbell and his co-authors emphasised. Hence their argument that a sense of mission is more important than a statement of it, however useful the latter may be.

WHS top management is aware of these dangers, which is why it will be much later than 1992 before the outside world sees the various documents which together constitute the group's new-found "vision" (or mission).

But Sir Simon and Sir Malcolm definitely plan to put a shortened version in next August's annual report. Says Sir Simon: "By then people will be aware of the emerging values and behaviours, and will be changing."

A Sense of Mission. Economist Books/Hutchinson. £16.95.



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Christopher Columbus

This is a tale of a man and a city. Because it's in Genoa, the capital of the Italian Riviera, that Christopher Columbus was born. Now, 500 years after he made history, Italy is welcoming him back home with a world-class celebration. From May 15th to August 15th 1992, Genoa will host the International Specialized Exhibition "Christopher Columbus: Ships and the Sea". Two

fascinating themes, navigation and the sea, will be presented by many participating countries bringing together technology, ecology and culture into one spectacular vision. But there are more reasons to go to Genoa. The Exhibition will coincide with the rejuvenation of the historical city center, based on a vast project by Genoa - born Renzo Piano, one of the world's leading architects. Investing in the city's future, the restoration will give new life to the Old Harbour docks and warehouses, to which major new permanent facilities will be added. In particular, a number of important international meetings - some of them sponsored by the United Nations - will be held in

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TECHNOLOGY

Andrew Jack explains how companies are using business TV to communicate with employees

Tuning in to a corporate show



BMW broadcasts its message each week to staff at 140 dealerships around Britain

Every Tuesday at 11am, BMW sales staff across Britain congregate in their showrooms to watch a message from on high. The car company is among the pioneers in a new form of employee communication spreading across the Atlantic: business television.

While satellites have allowed television news organisations to broadcast their messages to audiences throughout the world from the most inaccessible regions, a growing number of companies are starting to transmit words and pictures to their own staff.

BMW has been experimenting with business TV in all of its 140 dealerships around the UK since June last year. Only two showrooms - where planning permission is still being contested - are excluded.

Typically staff see a 20- to 30-minute broadcast broken down into four or five segments. Items tend to be concerned with sales and marketing, and may include weekly sales information, data on how competitors are performing compared with BMW, and details on new models. There have also been instructions on correcting minor product defects.

Although much of the material for the broadcasts is recorded in London each Monday and edited overnight, there have also been some live segments, which enable employees to phone up while they are watching and grill senior executives appearing on the broadcast.

Each BMW programme is made by Visage, a production company, and transmitted via the BT tower in London to one of its partners, SMI Business Television, a division of British Aerospace Communications, in Stevenage. It is encrypted to the B-Mac standard, and transmitted at high frequency to an SMI-owned transponder on the BriteSat satellite.

The programme is then rebroadcast at lower frequencies to BMW receivers which are "individually addressable", meaning that only BMW dealers can pick up the signal.

The company became so enthusiastic about the equipment that it made it compulsory for all dealerships to install receiving equipment - and to pay for it themselves. This comprises a satellite dish, decoder, television screen and video recorder - a total cost of more than £2,500.

SMI will not divulge the broadcast costs, paid for centrally by BMW, but says the encryption and broadcasting of

a typical one-hour programme would be about £2,150. Most of the costs - upwards of £10,000 per broadcast - go on production.

"The primary advantage is immediacy," says Peter Walker, BMW's marketing communications manager. "TV has more impact than sending documents or video tapes. I wouldn't say we have saved a fortune yet but we may end up reducing the number of conferences and meetings we hold. I think you end up communicating more."

Business television first found favour among large, dispersed companies in North America in the early 1980s. Pioneering users included Hewlett-Packard, the electronics company, and Merrill Lynch, the brokerage house.

Annual revenues generated by the US industry today are about £200m, across more than 80 private business networks, according to research conducted by Irwin Communications, a business TV consultancy firm in Washington, DC.

"Business TV has the ability to reach dispersed employees instantaneously with a consistent message," says Susan Irwin, the company's founder.

She says the rapid growth since 1983 has hit a plateau over the last year as a result of

the recession. But she is confident that the trend will pick up again soon.

At the same time, Irwin sees a comparable growth in specialist satellite services, broadcast not to a single company but to a whole sector, often supported by advertising.

One of the first examples in the UK is Racenet, which has been transmitting horse races to screens in thousands of betting shops since 1987. Now 38 postgraduate medical centres at British teaching hospitals have been enrolled in the Medical Television Network, run by British Aerospace Communications, which will broadcast discussions and medical briefings for an hour every two weeks.

Gillian Greening, European marketing communications manager for Amdahl, the US-based computer manufacturer, recently decided to extend the company's North American broadcasts into Europe. By the end of this year, she hopes to have 30 receiving sites on the continent to add to the 192 already in place in the US and Canada.

Eight times each month employees in the North America and now Europe gather to watch an hour-long programme, which concludes with a live question-and-answer session with senior staff. "The

spoken word is so much more effective than print," she says.

"And business TV gives us the ability to communicate directly without the message becoming diluted down the management chain."

One problem Greening still faces, however, is the difficulty of using programmes produced for American audiences in Europe. That challenge has been addressed by Allen Bradley, the industrial automation division of Rockwell International.

Since November 1989, the company has contracted International Business Television, a TV production company based in London, to produce programmes eight to 10 times a year for transmission to the European sales staff.

While some US material is used, most is filmed within Europe and broadcast from a purpose-built studio in Holland. It has included items on particular applications, regional focus reports, and segments on why the company failed to win a particular order. Some of these are now being broadcast on the US network.

For John Smykala, director of marketing communications for Europe, the main advantage of the broadcasts is to spread information to sales staff. In a company with more

than 10,000 products, and sometimes several dozen new ones being introduced each month, it is vital to draw attention on the ones the company sees as most important.

Smykala also argues that business TV acts to bind together a company, which includes a number of recent acquisitions and more than 10,000 employees scattered over different areas. "It creates a culture or bond, a feeling of staff getting closer," he says.

Overall, the European market is still poorly developed compared with North America, however. Darren Vanstone, marketing manager for BT's visual and broadcast services division, says people are more reticent about the technology of television. "People tend to see a TV camera and either shy away from it or stick their head in front of it," he says.

"But that is changing now." Broadcasting across countries' boundaries within Europe has also proved difficult until recently, with national telecommunications agencies jealously protecting their turf. Recent deregulation has made business TV cheaper and easier to administer.

At the same time, the technology has now become far more sophisticated. The new generation of satellite equipment makes it possible to transmit several different channels on a single transponder, vastly expanding the number of private business networks that can be supported.

Assessing the value of the business TV is difficult. One questionnaire after an Allen Bradley broadcast suggested that it would help 40 per cent of those watching do their job better.

BMW plans to commission detailed research into the effectiveness of its system in October. "There has been quite a learning curve," says Peter Walker. "We have to accept that we are still fumbling around in the dark at the moment."

At first, dealers were reluctant to accept the technology - in part, he argues, because they were forced to pay for the receiving equipment. Now some managers still want to vet the broadcasts, rather than letting their staff watch it live.

There were also a number of difficulties with the receiving equipment. Most, however, turned out to be the result of staff fiddling with it to try to receive Eurosport or other commercial satellite television programmes. A sealed cabinet to hold everything securely solved the problem.

Parallel systems go into business

SCIENTISTS have used "massively parallel computers" for several years to carry out specialised laboratory work. But the lack of commercial software prevents business users taking advantage of their speed and power.

Oracle, the large US software company, is working to fill the gap. This week Melco, the UK parallel computer manufacturer, launched Relational DataCache, a system with business software adapted by Oracle for parallel computing. Prototype systems are already in use by National Westminster Bank and BT.

Massively parallel systems combine hundreds or thousands of microprocessors to perform mainframe systems at a fraction of the cost. Oracle claims that business users can process a large database two or three times faster on a parallel system that costs one-tenth as much as a mainframe.

Japanese cars get navigators

TOSHIBA, the Japanese electronics company, will introduce a mobile navigation system which can be installed in any type of passenger car, writes Emiko Terazono.

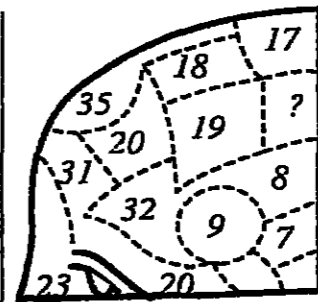
Toshiba expects to start marketing the detachable system next spring at around ¥400,000 (£1,700). Previous automobile navigation systems have been integrated into the body of the car, but Toshiba says it has developed a smaller, lighter control unit for its new system, NPAG1 and NPAG2.

The system includes a positioning antenna, control unit with CD-Rom drive and 5.5-inch full-colour liquid crystal display. Map data is stored in the CD-Rom software.

Toshiba says that the product will be marketed only in Japan for the time being. It does not have immediate plans to sell the system overseas because software development would be too expensive.

Diagnostic test joins cancer fight

AN ANTIBODY-based diagnostic test for colorectal (bowel) cancer, which affects 300,000 new patients a year in the US and Europe, has



WORTH WATCHING

by Clive Cookson

gained approval in its first markets. The marketing licences for OncoScint CR103 in Germany and Luxembourg are likely to be followed by approval in other European countries and the US.

The OncoScint test, produced by Cytogen of Princeton, New Jersey, is more accurate and sensitive than conventional non-antibody procedures. It can lead to earlier diagnosis and treatment. And early treatment improves the prognosis for the disease, which kills 60,000 people a year in the US.

The test uses monoclonal (pure) antibodies, created specifically to attach themselves to colorectal tumour cells. The antibodies are linked to a radioactive isotope (Indium-111).

The patient is injected with the antibodies and then scanned with a gamma camera, which detects radiation from the isotope. This gives the specialist a precise map of the cancer in the bowels.

'Gas telescope' for a closer look

SOUTH AFRICAN physicists have made a telescope in which the lenses are made not of glass but of this air. Their results, published in Nature this week, include surprisingly sharp images of sunspots and craters on the moon.

The "gas telescope" made by Max Michaelis and colleagues at the University of Natal depends on the fact that the refractive index of air varies with temperature. So does the illusion of a mirage in the desert.

The telescope has a tube one metre long filled with heated air, which works like a rolled-up mirage. By spinning the tube rapidly, the physicists reduce the distort-

ing effect of convection currents. They have achieved apertures up to 5cm.

Michaelis believes that gas lenses could be developed further to make a useful contribution in space, both for telescopes and for focusing laser beams. Their advantages over glass and other solid-state lenses are that they are very light and almost indestructible.

Little disc packs a powerful punch

THE NEXT generation of notebook and palmtop computers will incorporate 2.5-inch or smaller disc drives. A chip introduced by AT&T, known as a read-channel device, makes it easier for manufacturers to build miniature drives with very low power consumption.

The REACH1 chip uses 0.5-micron linear-CMOS technology to integrate functions for which computer memory designed often requires separate parts. Its operating power is only a quarter of a watt - one-third the consumption of conventional Bipolar or BiCMOS technology. This will help manufacturers to produce computers that can run for long periods on a single battery.

The first portable computers incorporating the new AT&T chip are likely to be launched in the US next year.

Western colleges head for the East

THE fragmentation of the Soviet Union offers many technical consulting opportunities to western colleges and universities. South Bank Polytechnic in London is about to sign a contract with the Lithuanian government to become its biotechnology consultant.

The polytechnic will advise Lithuania on marketing its biotechnology and developing links with the west.

Michael Trevan, dean of science and technology, who toured Lithuania, Estonia and Latvia this summer, says "there are some major discoveries and advances in microbiology in the Baltic republics that we would be wise to know about."

Contact: Oracle, UK, 0454 666666; Toshiba, 03 5407 5104; Cytogen, 06 695 997 8200; University of Natal, South Africa, 031 816 5776; AT&T, 06 695 771 0700; South Bank Polytechnic, 01, 071 853 5555.

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THE PROPERTY MARKET

Twins with identical thoughts on development path

By Vanessa Houlder

At a time when most property entrepreneurs are keeping their heads down, Don and Roy Richardson are looking up and thinking big.

Last month, the developers, identical twins based at Dudley in the West Midlands, announced plans to build a £100m "glass palace" containing restaurants, shops, clubs and industrial units, in the derelict core of Birmingham's Fort Dunlop, once the largest warehouse in the world.

They followed up this announcement with a £70m project to convert Lewis's, the empty department store which was once a Birmingham landmark, into offices and shops.

At the same time, they continue to nurture grandiose hopes of building the world's tallest building. Their goal is to build a tower in the Dudley enterprise zone offering a vista over factories and industrial estates. Nevertheless the likelihood of this bizarre scheme coming to fruition has been put in doubt by the council's insistence that the twins submit a planning application even though these are not normally

required in enterprise zones.

If the Dudley tower is ever built, it will not be the first time the Richardsons have surprised the sceptics. The most striking evidence of their determination and idiosyncratic style is on display in the Dudley enterprise zone. It is the Merry Hill shopping mall which they built from what eight years ago was a disused steel works.

There can be few property entrepreneurs whose developments are so closely linked to their own personal histories. The early memories of the Richardson twins were formed in their modest two-up, two-down home a stone's throw from the Round Oak steelworks which they later transformed into the Merry Hill shopping centre.

Their past may help to explain why the Richardsons are so staunchly committed to the regeneration of the Black Country, which was devastated by the recession of the early 1980s. Their emphasis is on the reclamation of derelict sites. "Our philosophy is to take rough areas and to turn sow's ears into silk purses," says Don Richardson. The pride in their achievement in

defying the depression of the early 1980s is palpable. "A lot of people had given up. We were surprised by the lack of leadership. Very few people were prepared to stand up and be counted. We saw it differently. Something had to be done with the area," says Roy Richardson.

The twins still lobby energetically for the Black Country, where they treated very much as local heroes. Last year, a paper by Dr Michelle Lowe of Reading University described them as "the new earls of Dudley", operating in a paternalistic way by employing local labour and bringing new money to the Midlands.

More striking than their supposed paternalism is the tight-knit partnership that the 60-year-old brothers have formed. Not only do they look completely alike, they talk and think alike.

This relationship is a great bonus for business. "Your thoughts run on the same track," says Roy. "If two of you think alike, you get through the work of three or four people."

Even more handy is the fact that either twin can stand in for the other at business meetings. It is a convenient device that can fox business associates. They recall once having a customer, who for two years believed there was only one Richardson brother.

Even when both are present, the brothers are hard to pin down. They are reluctant to discuss their finances, courteously but firmly sidestepping every question.



Joint venture: Roy and Don Richardson survey their Merry Hill shopping mall built on the site of a steelworks

Although their current financial position can be guessed at, their story is generally acknowledged as a classic tale of rags to riches. They left school at 14 to work in the truck distribution trade, and then became involved in property development in the 1960s, having discovered that extra money could be made by developing land bought for depots.

In the early 1980s, they decided to sell their truck business, which was battered by the recession and to concentrate on property development. With the proceeds, they bought 300 acres in the Dudley enterprise zone at the bottom of the market, not long before British Steel decided to close the plant.

They started building industrial buildings and then moved on to retail warehouses, the shopping mall and now offices. The entire development has cost an estimated £1bn.

At the outset, they funded development from their own resources. "We had to manage without the bank. The banks were hesitant because they had lost money here in the recession," says Don.

The Richardsons were able to raise bank finance for the later phases of Merry Hill. But in case banks would not provide finance, they wanted the option of a quoted vehicle, so bought a holding in a property company called Regentcrest. Their involvement with Regentcrest ended acrimoniously a year ago, when the Richardsons attacked the Norwegian bank that

pushed the company into receivership. The brothers say they do not take risks. "We built with the intention of keeping them [the buildings] if we have got to," says Roy. "It is different here from down south. We have a down-to-earth attitude," says Don.

They are sanguine about the downturn. "Good property will still make its price. Prices are nowhere as bad as the early 1980s," says Don.

Like all developers, they have a consummate pride in their own creation. While admitting that the approach roads for Merry Hill are not as good as they might be, they point to the generous car parking, the long opening hours, the vigilant security and immaculate cleanliness of the building in support of the project. (Don lost 10lb by betting he could not find a cigarette end in the mall.) The £20m monorail, which started operating around the centre in June, is described as "the most futuristic transport system in the northern hemisphere".

Critics who suggest that shopping malls were an inappropriate way to use an enterprise zone and who worry about the effect that out-of-town shopping malls have on town centres are given short shrift by the brothers. They recount how they stood at the doors on the day Merry Hill opened, and saw pensioners in tears of amazement at the scale and opulence of the place. "What we have done is give the public what it wants," says Don.

CAPITAL GROWTH (%)

	Retail	Office	Industrial	All Properties
Year to Aug 91	-8.2	-16.2	-6.7	-11.2
Quarter to Aug 9	-0.9	-2.2	0.1	-1.9
Month of Aug 91	-0.3	-1.0	0.2	-0.5

Investment Property Database

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LEGAL NOTICES

FIRSTMEASURE PLC
(IN RECEIVERSHIP)

NOTICE IS HEREBY GIVEN pursuant to section 462 of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named company will be held at Cork Gully, Ground Floor, Shalvey House, 3 Noble Street, London EC2N 7DD on Wednesday 23 October 1991 at 10.30 am for the purpose of having laid before it a copy of the report prepared by the administrative receiver under section 46 of the said Act. The meeting may, if it thinks fit, adjourn a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors are only entitled to vote if:

(a) they have delivered to me at the address shown above, no later than noon on 22 October 1991, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

(b) there has been lodged with me any proof which the creditor intends to be used on his or her behalf.

Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.

Dated: 4 October 1991

C. J. HUGHES
Joint Administrative Receiver

PROVINCIAL PROPERTY
HOLDINGS LIMITED

Registered number: 122324

Property Developers

Trade classification: 33

Date of appointment of joint administrative receiver: 1 October

Name of person appointing the joint administrative receiver: National Westminster Bank Plc

JOHN FREDERICK POWELL and IAN NAPIER
CARLITHES
Joint Administrative Receivers

Office holder nos 240 and 814 of Cork Gully 43 Temple Row Birmingham B2 5JT

DAVID JOHN CORNEY and DAVID ROBERT WILTON
Joint Administrative Receivers

Office holder nos 1989 and 5573 of Cork Gully, 43 Temple Row, Birmingham B2 5JT

11 October, 1991

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LIMITED

Registered number: 241002

Nature of business: Medical Services

Trade classification: 40

Date of appointment of joint administrative receiver: 1 October 1991

Name of person appointing the joint administrative receiver: National Westminster Bank Plc

LYNN ROBERT BAILEY and STEPHEN J. TAYLOR
Joint Administrative Receivers

Office holder nos 9488 and 7821

Cork Gully, Abacus House, 32 Friar Lane, Leicester LE1

ECLIPSE TRADING ESTATE
(ALCESTER) LIMITED

Registered number: 1077491

Nature of business: Display Marketing and Manufacturing

Trade classification: 35

Date of appointment of joint administrative receiver: 27 September 1991

Name of person appointing the joint administrative receiver: Lloyd Bank Plc

DAVID JOHN CORNEY and DAVID ROBERT WILTON
Joint Administrative Receivers

Office holder nos 1989 and 5573 of Cork Gully, 43 Temple Row, Birmingham B2 5JT

11 October, 1991

DAVID JOHN CORNEY and DAVID ROBERT WILTON
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BUSINESSES FOR SALE

**Touche
Ross**

Excelsior Industrial Holdings Limited and Subsidiary Companies (In Administrative Receivership)

The Joint Administrative Receivers, G. J. Watts and K. S. Chalk, offer for sale the business and assets of this group of companies.

The businesses include the manufacture of braiding machines and the manufacture of valves and gauges for industrial use. Machine components and spares are also sold as agents for other manufacturers.

Main features are:

- Turnover approximately £1.9 million in 1989/90.
- Leasehold premises in Ashton-under-Lyne.
- Plant and equipment largely free from hire purchase.
- Experienced workforce.

For further information please contact Graeme Watts or Bill Dawson at the address below.

Abbey House, 74 Mosley Street, Manchester M60 2AT.
Tel: 061 228 3456. Fax: 061 228 2021.
Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

DRI International

**Touche
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Erewash Plastics & Engineering Ltd (In Administrative Receivership)

J. Wilson and L. K. Denney, Joint Administrative Receivers, offer the assets of the above plastic moulding and finishing company for sale.

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For further information please contact J. Wilson or Mrs D. Wardle at the address below.

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All enquiries should be addressed urgently to the Joint Administrative Receiver, R. W. Birchall, Cork Gully, 65 Queen Square, Bristol, BS1 4JP. Telephone 0272 252791 Fax 0272 307008.

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Cork Gully

The Joint Administrative Receivers
offer for sale the assets and undertaking of

Wellow Leisure Products Limited

The opportunity exists to acquire, as a going concern, a business manufacturing electronic self-scoring dartboards, based in Wiltshire.

- Key features are:
- £3.7 million turnover in last 18 months (unaudited)
 - Fully developed and patented product
 - Championship quality dartboard
 - Worldwide market as suitable for both metal and plastic tip darts
 - 13,700 sq ft leasehold factory unit available

For further details contact Philip Porter or Andrew Staggall of Cork Gully, 1 Port Way, Port Solent, Portsmouth, PO6 4TY. Telephone 0705 201688. Fax 0705 201784.

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Cork Gully

Opportunity to acquire the business
and assets of

Broadland Mushrooms

Principal features of one of Norfolk's largest mushroom farms includes:

- Turnover approximately £1m p.a.
- Broad customer base including blue chip supermarkets
- 150,000 sq ft of purpose built buildings on an 8 acre (approx) freehold site in Marham, Norfolk
- Dedicated workforce of 57

For further particulars, contact the Joint Administrative Receivers, Jonathan Sisson and Mark Palkos, Cork Gully, The Ark, St Georges Street, Norwich, NR3 1AG. Tel: (0603) 619425. Fax: (0603) 631060.

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Cork Gully

J Hartley & Co Limited

(In Receivership)

The business and assets of the above company are offered for sale as a going concern by the Joint Administrative Receivers.

- Operates from freehold and long leasehold premises in Oldham, Lancashire, totalling over 40,000 square feet.
- Manufactures medium and heavy engineering products for the mining industry to BS5750.
- Turnover exceeds £3 million per annum.
- Current order book of approximately £2 million.
- Skilled workforce of 68.

Enquiries to IC Powell ACA, Price Waterhouse, York House, York Street, Manchester M2 4WS. Tel: 061 228 6541. Fax: 061 236 1288.

Price Waterhouse

Alvins Distributors Limited

(In Receivership)

The business and assets of this northern based independent timber and building products supplier are offered for sale as a going concern.

- Turnover £7.0 million.
- Freehold and long leasehold locations in Leeds, Sheffield, Manchester and Stockport.
- Established, quality customer list.
- Own distribution fleet.

Enquiries to: Gordon Horsfield, Price Waterhouse, 9 Bond Court, Leeds LS1 2SN. Tel: (0532) 442044. Fax: (0532) 441401/439745.

Price Waterhouse

FOR SALE

because of inheritance
Slaughterhouse for pigs -
Full return P.A. 1.5 billion BF
as attested EEC Norms 1989.
Urgent - Tel Belgium : 41 48 17 77
Contact: Mrs. C. Schutters.

FOR SALE

SMALL GROUP OF LEATHER AND
TRAVEL GOODS RETAIL SHOPS

For further information principals
write Box H9104, Financial Times,
One Southwark Bridge, London SE1 9HL

LEGAL NOTICES

NOTICE OF SPECIAL GENERAL MEETING The Scottish Mutual Assurance Society

NOTICE is hereby given that a Special General Meeting of the Society will be held at the Glasgow Royal Concert Hall, 2 Saatchiel Street, Glasgow G2 8HY on 18th November 1991 at 10.30 a.m. when the following resolution will be proposed as a special resolution:

SPECIAL RESOLUTION

- THAT:
- The Scheme for the transfer of the long term business (as defined in the Insurance Companies Act 1982) of the Society pursuant to Section 49 of the Insurance Companies Act 1982 ("the Scheme") as set out in the document produced to the meeting and for the purpose of identification signed by the Chairman thereof and summarised in the Circular to members and policyholders of the Society dated 7th October 1991 be and is hereby approved and the Directors of the Society be and are hereby authorised and instructed to carry the same into effect with power to agree or make such amendments as may be necessary or desirable to secure sanction of the Scheme pursuant to Section 49 of the Insurance Companies Act 1982; and
 - Subject to and conditionally upon the Scheme becoming effective, the Regulations of the Society be amended as follows:

2.1 by the addition at the end of Regulation 4 of the words:

"and (5) the facilities of the Society under the policy or policies ceasing to be facilities of the Society by virtue of the coming into effect of a scheme made pursuant to Section 49 of the Insurance Companies Act 1982 for the transfer to any other company of the long term business (as defined in the Insurance Companies Act 1982) of the Society";

2.2 by the addition of the following Regulation at the end of Regulation 5:

"5A. Notwithstanding any other provision of these Regulations:

- (1) Any National Secretariat Services Limited and Abbey National Limited (and such other persons as may be named in the long term business (as defined in the Insurance Companies Act 1982) of the Society) is transferred under a scheme made pursuant to Section 49 of the Insurance Companies Act 1982 shall, notwithstanding from time to time by notice in writing to the Society shall become members of the Society at the time such scheme becomes effective or, in the case of persons nominated in writing as above, at the time of receipt by the Society of the relevant notice in writing; and
- (2) The membership of each person who becomes a member pursuant to paragraph (1) of this Regulation shall subsist until such time as the person in question gives notice in writing of the cessation of their person's membership to the Society; and
- (3) All persons who become members of the Society on or after the time such scheme becomes effective shall be qualified and entitled to vote and to be elected to the office of the Society.

2.3 by the addition of the following Regulation at the end of Regulation 11:

"11A. Notwithstanding any other provision of these Regulations, notice of the holding of any Annual or Special General Meeting may be given to any member in writing and may be served on or given to such member in accordance with Regulation 11(2)";

2.4 by the deletion of Regulation 14(1) and the substitution of the following therefor:

"Two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation which is a member shall be a quorum for general meetings"; and

2.5 by the deletion of Regulations 23 and 24(2).

7th October 1991 BY ORDER OF THE BOARD
Principal Officer
105 St Vincent Street
Glasgow G2 8HY
G. G. Kirkwood FFA
Secretary

Notes:
1. Any member entitled to attend and vote at the Special General Meeting may appoint a proxy to attend and, on a poll, vote on his or her behalf. A proxy need not be a member.

2. To be valid, the proxy form, together with any authority under which it is executed or a copy of such authority certified notarial, must be deposited with the Society at P.O. Box 42 Glasgow G2 8HY or at its principal office stated above not later than 10.30 a.m. on 6th November 1991.

3. Members intending to attend and vote personally are asked to bring with them evidence of their identity. On arrival at the meeting, please register with the officials who will be at the entrance of the hall. Registration will commence at 9.00 a.m.

4. Copies of the Circular to members and policyholders of the Society dated 7th October 1991 are available, free of charge, at the Society's principal office stated above in members who have not already received a copy.

5. Copies of the document setting out the Scheme referred to in such Circular are available for inspection at the Society's principal office stated above.

NOTICE is HEREBY GIVEN, pursuant to Section 49(2) of the Insolvency Act 1986, that a meeting of the creditors of the above named company will be held at the premises of the Joint Administrative Receivers, 17th September 1991 at 12 noon for the purpose of having laid before it a copy of the report prepared by the Joint Administrative Receivers under Section 49 of the said Act and, if thought fit, appointing a committee.

Creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting. Other creditors are only entitled to vote if:

- they have delivered to us at the address shown below, no later than 25 October 1991 at 12 noon, written details of the debts they claim to be due to them from the company, and their claims have been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and
- there has been lodged with us any proxy which the creditor intends to be used on his behalf.

Please note that the original proxy signed by or on behalf of the creditor must be delivered at the address mentioned below; photocopies including faxed copies are not acceptable.

Dated: 9 October 1991

C. J. Barlow
Joint Administrative Receiver
Cork Gully
Bank House
Christine Street
MANCHESTER M1 4BX

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Joint Administrative Receiver
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C. J. Barlow Date: 9 October 1991
Joint Administrative Receiver
Premium International Plc
Shayley House
3 Hodge Street
London EC2N 7DQ

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C. J. Barlow Date: 9 October 1991
Joint Administrative Receiver
Premium International Plc
Shayley House
3 Hodge Street
London EC2N 7DQ

COMPANY NOTICES

THE UNION COLD STORAGE OF SOUTH AFRICA LIMITED

(Involvement in South Africa)

NOTICE is HEREBY GIVEN that Dividend No. 43 of 50 cents per share has been declared payable to shareholders registered in the books of the company at the close of business on 1 November 1991.

Payment in respect of the dividend will be made in U.K. currency at the rate of the Rand to the pound sterling as at the close of business on 1 November 1991.

Non-Resident Shareholders' Tax at the rate of 10% will be deducted where applicable. Dividends paid in the U.K. to persons resident in Great Britain or Ireland will be subject to deduction of U.K. Income Tax at a rate to be arrived at after allowing for relief in respect of overseas taxation.

BY ORDER OF THE BOARD
AFC INVESTMENTS LIMITED
U.K. Secretaries,
per R.S. Stone

Noted by Secretaries:
AFC Investments Ltd.
c/o P.O. Box 1006,
Wokingham, Wokingham, Wokingham,
11 October 1991.

NOTICE is HEREBY GIVEN pursuant to Section 49(2) of the Insolvency Act 1986, that a meeting of the creditors of the above named company will be held at the premises of the Joint Administrative Receivers, 17th September 1991 at 12 noon for the purpose of having laid before it a copy of the report prepared by the Joint Administrative Receivers under Section 49 of the said Act and, if thought fit, appointing a committee.

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Joint Administrative Receiver
Premium International Plc
Shayley House
3 Hodge Street
London EC2N 7DQ

Rima Patisseries (Solihull) Limited

The business and assets of this Birmingham bakery and manufacturer of confectionery products is available for sale as a result of receivership.

- Freehold premises on a single level recently refurbished to meet European Community requirements.
- Convenient location for Birmingham city centre and national motorway network.
- Site 20,000 sq. ft.; factory 8,000 sq. ft.; covered storage area 4,000 sq. ft.; offices 800 sq. ft.
- Equipped with freezers and chilling rooms.
- Skilled workforce of 42.
- Product range includes bread, cakes, morning goods and frozen foods.

Enquiries to SRE Hancock FCA, Joint Administrative Receiver, Price Waterhouse, Livery House, 169 Edmund Street, Birmingham B3 2JB. Tel: 021-200 3000. Fax: 021-200 2902.

Price Waterhouse

J&H Lowe (Cranes) Ltd

(In Receivership)

The business and assets of the above company are offered for sale as a going concern by the Joint Administrative Receivers.

- Market leader in the manufacture of quality commercial lifts.
- Designs, manufactures and maintains a range of industrial lifts and cranes to BS2573, BS2655 and BS5655.
- Blue Chip customer base.
- Turnover exceeds £1,000,000 per annum.
- Value of tenders submitted exceeds £800,000.
- 75 Maintenance contracts.
- Skilled workforce of 34.

Enquiries to IC Powell ACA, Price Waterhouse, York House, York Street, Manchester M2 4WS. Tel: 061 228 6541. Fax: 061 236 1288.

Price Waterhouse

Dornier Web Ltd

The Joint Administrative Receivers offer for sale the business and assets of Dornier Web Limited.

- Suppliers of quality reconditioned printing machinery.
- Turnover (audited) year to April 1990 £6.4 million.
- Employs approximately 18 people.
- Occupies leasehold premises in Leeds.

For further

ARTS

'Il Guercino': his bravura exposed

Guercino is fast becoming a phenomenon. There have been more exhibitions devoted to him, and more words written about him in the last 25 years than about any other 17th century Italian artist. His exposure is all the more remarkable since he is not an artist of the first order even in his own country - he is no Caravaggio, not even an Annibale Carracci. His trump card is that he is a scholar's delight, with an unusually large and well documented corpus of paintings and drawings. His fame also owes an incalculable amount to the unswerving enthusiasm of art historian and collector Sir Denis Mahon.

This year is the 400th anniversary of the birth of Giovanni Francesco Barbieri, nicknamed 'Il Guercino' - literally, the little squinter. An impressive fanfare of exhibitions has marked the occasion, in Paris, Haarlem, Harvard and London. The celebrations culminate this autumn in a major retrospective of both paintings and drawings, curated by Sir Denis, in Bologna and nearby Cento (until November 10), the artist's home town. The feast moves on to Frankfurt and Washington.

Bologna and Cento present two self-contained retrospectives. Given their chronological range, they both also lead us to the same, inescapable conclusion, namely that Guercino was an outstanding painter who failed to live up to his exceptional early promise. It is heartbreaking to compare the



In Bologna: 'Landscape with bathers', c.1618, loaned by the Boymans-van Beuningen Museum, Rotterdam

neared to Rome to serve the Bolognese Pope, Gregory XV. The taut and emotive Penitent Magdalen painted for the edification of Roman prostitutes was produced two years later. It marks a watershed in the artist's career. After Gregory's death and Guercino's return home, the paintings become increasingly classicising, calm and - with some spectacular exceptions - anodyne. Baroque brio gives way to bloodless idealisation.

Surely his change of heart was a conscious decision. Even

before he succeeded Guido Reni as the leading Bolognese painter on Guido's death in 1642, he seemed set on assuming the master's manner as well as his mantle, embracing Guido's pale colours and his repertoire of dewy-eyed Counter Reformation saints gazing heavenward. Their religious sentiment and cool detachment render them largely inaccessible to a modern audience.

No would could accuse Guercino the draughtsman of inaccessibility at any stage of his

career. His scenes of everyday life and caricatures are among the most approachable and human drawings ever made. A master of charcoal and red chalk, he excelled in pen and ink and wash, with results that anticipate - and must have influenced - G.B. Tiepolo.

Unfortunately, the stylish but unhelpful lighting system at Bologna renders many of the 207 drawings there almost invisible: the double hang ensuring deep bars of shadow across the lower sheets.

Cento proves more reward-

ing. In the Museo Civico we find such varied delights as the early Madonna of the Sparrow and the glorious Cumaean Sybil whose refined elegance and exquisite colour shows late Guercino at its best. As a coda to the exhibition proper, a sequence of galleries is devoted to untangling the knotty attributional problems associated with Guercino's extensive workshop and followers. One turns out to be an Englishman, Matthew Loves.

Susan Moore

The Glory of the Garden

DUKE OF YORK'S THEATRE

The Glory of the Garden takes its title from William Reed-Mogg's 1984 Arts Council report on regional funding. The play is an updated version of Stephen Mallatrat's farce, *Comic Cuts* (1981), revamped and *au courant* with the changes in the Arts Council's byzantine structure. In prospect, *Glory* could be a sharp satire on the abuse of state patronage; in the theatre it is a bawdy situation comedy which shapes up only in the second half.

Mallatrat centres the action in the Alhambra Theatre, Garstwyke ("the rump end of the known world"), somewhere in the north of England. It is to the stage what Rummidge University is to academe. The Alhambra and its philistine owner-proprietor, Byron Greenwood, have grown fat on Arts Council funding under the pretence of putting on repertory theatre; in reality, the Alhambra has seen nothing more theatrical than Bingo, massage and kung fu.

Fake reviews of the classics are concocted to keep the London bureaucrats at bay. But when Byron receives an Arts Council letter telling of the imminent arrival of an inspector - or "constable of culture" - alarms and excursions ensue, and the complacent citizens of Garstwyke are pressed into service to put on a plausible show for the inspector's benefit.

Byron's problems are exacerbated by local choler in the form of the Alhambra's resi-

dent masseuse, Stacey, together with the regional devolutionist Shirley "Garstwyke" Harley and his frisky wife. However, the rehearsals commence, the accidental show of choice being *The Government Inspector*, which, ironically, tells of a central bureaucrat dispatched to the provinces.

Mallatrat's argument rests on Byron's *reductio ad absurdum* of Arts Council policy: instead of doing the sensible thing and turning Wandsworth into Disneyland, the Council has devolved power to the regions and cut the money supply so that repertory withers in the wilderness. In Byron's world, if you can prove yourself capable of running a theatre without money, then you are worthy of Arts Council subsidies.

Mallatrat's plot survives because of sharp direction from Robin Herford and solid ensemble acting. But the cast finds itself too frequently caught in possession of clichés ("You have the brain of a snail"), or sub-shakespeareanisms, and lacks the scope to develop individual characters. Russell Dixon as the chubby Byron, Jill Gascoine as the manipulative masseuse and Janine Duvitski as the frustrated actress make the most of the situation, but ultimately the comedy is too coarse, too laboured and too woefully parochial. Hamlet was right: "Is an unweeded garden."

Andrew St George

Dox-Orkh

ROYAL FESTIVAL HALL

The BBC Symphony Orchestra opened its new season on Wednesday with a programme conducted by Arturo Tamayo of Haydn, Falla, and the UK premiere of Xenakis's *Dox-Orkh* for violin and orchestra. The hall was barely one-third full, and the acoustics that BBC's South Bank concerts are poorly attended inevitably dropped up again. The planning did seem to have fallen very precisely between two stools: the traditional, mainstream audience was deterred by the Xenakis, while the programme failed to offer value for money to the dedicated follower of new music.

On Sunday the BBCSO had given the first performance of the Xenakis at the Strasbourg Musica 91 Festival, which commissioned it; the programme was broadcast on Radio 3 the following evening. There it

appeared alongside another major Xenakis work and a hefty piece by James Dillon, all thrillingly delivered. It is hard to believe that the Festival Hall audience would have been any smaller had the orchestra repeated its French programme rather than attempted to snare the contemporary-music pill as it did.

Like a number of Xenakis's violin works *Dox-Orkh* was written for Irvine Arditi, though it does not qualify as a concerto in any accepted sense. Some mysterious echoes of a modal melody and occasional matches of exaggerated lyricism apart, the violin devotes much of its time to glissandi, until finally its lines are summed into the massive orchestral sound. The piece is a single movement of some 17 minutes, following the familiar Xenakis trajectory towards

unification and clarification in its final pages.

Along the way there are many striking ideas: the opening clusters for woodwind, jerking around like a flock of Messiaen's birds trapped in a cage; the stomping *Rite-of-Spring* brass toccatas and the horn calls springing tangentially from the violin's lines; the dense, almost traditional string accompaniments underwriting the soloist. Like so many of Xenakis's works the parade of events grips the imagination while its coherence has to be taken on trust. The title too, a typical Greek amalgam, is hard to explain: *dox* means "stringed instrument", logical enough in the circumstances, but *orkh* means "testicle", and there the relevance really does escape me.

Andrew Clements

Splendid Mummer

KING'S HEAD

Biographical drama is so often a symptom of imaginative or financial poverty on the fringe that this intriguing piece from the Black Theatre Co-operative seems all the more rewarding. In Ira Frederick Aldridge it has found a subject worthy of that tricky form, the two-hour monologue, not merely because Aldridge himself is interesting, as a black actor who vanquished the prejudices of the 19th century, but because of the political and social implications of his success.

Born in New York in 1807, Aldridge worked his passage to England where luck, talent and the patronage of the actor James Wallack secured him a chance to play Othello in the East End. To the fury of the

critical establishment, he graduated to the Coburg (now the Old Vic), and from there, briefly, to Covent Garden, thanks to a second Wallack, and one of Edmund Kean's indispositions.

Grudgingly admitting that his Othello appeared well-received, the *Times* protested "in the name of common propriety and decency... against that interesting actress and lady-like girl, like Miss Ellen Terry, being subjected to the indignity of being paved by Mr Henry Wallack's black servant." It seems extraordinary that he could ever have overcome such prejudice. Yet he responded by setting up his own company and taking off for a European stardom which

spanned from Russia to Germany; he was twice married to white women and died, on tour in Poland in 1867.

The play is written by an American, Lonnie Elder III, in a style which makes a slightly suspect marriage between an ornate, Victorian vocabulary and 20th century African sensibilities about the African identity. But Aldridge is attractively played by Malcolm Frederick under Anton Phillips spare direction: public dignity yielding to a private proclivity for fathering illegitimate children, and to a sublimation of his sense of injustice in the near-strangling of a series of Desdemonas.

Claire Armitstead

Mike Gibbs Band with John Scofield

QUEEN ELIZABETH HALL

Mike Gibbs, along with chaps like Kenny Wheeler (flugelhorn) and John Taylor (piano), head up a comfortable old firm which makes agreeable and familiar brass sounds. Accommodating John Scofield's new fangled and best selling guitar sounds, backed up by Steve Swallow on double bass and whizzkid Bill Stewart on drums, must be like letting a troubleshooter Sir John Harvey Jones into the family business and finding they quite enjoy what he does.

On the road as the first in a package of jazz from the Rolling Rock sponsored Contemporary Music Network season, Gibbs' orchestra and Scofield are an unlikely but entertaining pairing. On this first date they stumbled a little on each other's material - new compositions and arrangements from Gibbs and hooky songs from recent Scofield albums - but with Stewart and Swallow driving, kept it moving between them.

So far as the audience, and indeed Sco himself, were concerned this is John Scofield with the Mike Gibbs Band, rather than vice versa, however. Thus it was no surprise to be greeted with "Lost in Space" and the title track, "Mean to be", both from Sco's new album, followed up by "Roses are red" and another piece of his, mysteriously titled, "GH 8645".

It's not hard to see why Scofield has such wide appeal. His playing, which has grown out of fusion and a long association with Miles Davis, has a fresh, clean sound. His writing, a kind of post-modernist pop, is catchy and bright and leaves

plenty of scope for his improvisation. This, carried out with an expression of someone whose jaw has locked mid-yawn, varies between chipping off solos in a studied way to abandoned note bending.

Mike Gibbs' own work is not so dissimilar: they have the fusion of Gary Burton in common from their past - except he does it with a lot of brass. But the orchestra seemed to find it hard to mesh at times and worked better when setting in to provide a lush setting for Sco's guitar. The golden sounds of Kenny Wheeler's flugelhorn are always welcome and so was his long solo part and it is a treat to hear growling bass trombone and french horns in a large ensemble.

But by the close of the set, Scofield was hard at work preoccupied with his own fuzz guitar breaks. The brass section were restricted to chiming in with a chorus and, although Gibbs and Co seemed to enjoy the experience, it was the American's show, which Bill Stewart, a dynamic drummer, helped him steal.

Mike Gibbs Band with John Scofield plays Manchester Royal Northern College of Music (11 Oct); Durham Dames House (12 Oct); Newcastle Playhouse (13 Oct); Southampton Turner Sims Hall (14 Oct); Liverpool Philharmonic Hall (15 Oct); Norwich URA (16 Oct); Leeds Irish Centre (17 Oct); Birmingham Symphony Hall (18 Oct); Sheffield Lyceum (20 Oct) and Coventry Arts Centre, University of Warwick (21 Oct).

Garry Booth



Scene from Pamela Johnson's 'Subject of the City'

Phoenix Dance Company

SADLER'S WELLS

Phoenix Dance is celebrating its tenth year with a return to Sadler's Wells. I yield to no-one in my admiration for what this company represents: the emergence of fine dancers from the Leeds educational system. The tremendous achievements of the Harehills and Latake schools in bringing dance to their pupils has shown how art may become inspiration for young people in a sometimes difficult social context. A decade ago, the first performances by Phoenix earned justified acclaim. Now the company is well established, boasts ten admirable dancers and a strong public following.

What it cannot boast is a clear choreographic identity. The works at the opening performance were varied, but their interest is far below that of the dancing, which is secure, stylish, a constant pleasure to watch. Time and again the dancers rescued the dance from banality, and I wonder if it is not now time for Phoenix to seek a repertory enhanced by proven work from the greatest names. Choreography by such figures as Martha Graham, Paul Taylor, Twyla Tharp, would bring immense rewards for dancers and audiences, and the company's creative aspirations need not be compromised thereby.

On Tuesday the most extended work was Philip Taylor's *Sacred Space*. Taylor's subject -

the holy nature of the stage for performers - encouraged a certain amount of contemplative mania broken by sudden ecstatic outbursts. There was a beautiful backdrop - abstract swathes of red by Norman Ferryman - and an accompaniment of three Arvo Part pieces. Of the other novelties, Tom Jobe's *Eben Cougils get the Blues* was a frenetic imitation, jokey when it mocked a first mindless Western ballad, and progressively less so as further songs ensued. There may be a sub-text about sexual identities in all this, but Jobe's antic manner (despite Peter Docherty's witty design) made it seem frivolous. Pamela Johnson's *Subject of the City* proposed a relationship between urban dwellers and their buildings in block-like groupings. The rest of the programme brought Darshan Singh Bhuller's *Interlock*, an erotic duet, sensitively done by Chantal Donaldson and Donald Edwards, and Tom Jobe's *Tainted Love*, a lurid commentary upon the AIDS crisis.

The abiding image of this evening is of strong, disciplined dancers whose gifts are the hostages of their repertory. The next few years for Phoenix must bring choreography able to extend these artists' abilities ever further.

Clement Crisp

INTERNATIONAL ARTS PREVIEW & EXHIBITIONS

Vienna's annual feast of contemporary music Wien Modern opens next Friday with a concert by the Ensemble InterContemporain conducted by Peter Eötvös. Over the following five weeks, Vienna's concert programme focuses on the work of four major European composers - Harrison Birtwistle, Roman Haubenstock-Ramati, Olivier Messiaen and Alfred Schnittke. The festival also gives special attention to the young Austrian composer Christian Orenbauer.

Several leading contemporary music interpreters, including Michael Gielen, Heinz Holliger, Elgar Howarth and Hans Zender, will play a prominent part in the orchestral concerts. Most of the festival is centred on the Konzerthaus, but the high point is likely to be the concert in the Musikverein on Oct 27: Claudio Abbado will conduct a newly-constituted orchestra, the Ensemble Wien Modern, in world premieres by Luigi Nono, Wolfgang Rihm, György Kurtág and Beat Furrer. The concert is dedicated to the memory of Andrei Tarkovsky, whose production of

Boris Godunov is currently in the Staats Opera repertory. Among the early visitors to the festival is the English Northern Philharmonia, which will play extracts from Birtwistle's new opera *Gawain* and his trumpet concerto *Endless Parade*, with Hakan Hardenberger (Oct 21). Birtwistle's *Punch and Judy* will receive its Austrian premiere Nov 19 in the Odeon. Abbado will conduct the Vienna Symphony Orchestra in the closing concert on Nov 24. Founded in 1968, Wien Modern is a remarkable example of how to sell new music to a wider public: it involves all the city's main music institutions, lasts long enough to create a buzz and is extremely accessible (7124 8860).

Next Wednesday, the Moscow Chamber Opera opens a short season at the Opéra Comique in Paris, with a repertory of Shostakovich's *The Nose* and a Mozart double-bill, staged by the company's founder-director Boris Pokrovsky (4296 8863). Next Friday, a 10-day jazz festival opens in the north-west German town of Leverkusen, featuring Dave Brubeck, Gerry Mulligan, Sonny Morris and the Delta Jazzband and many others.

EXHIBITIONS GUIDE

AMSTERDAM Rijksmuseum Chinese Bronzes, from the heyday of bronze art in China between 1300 and 200 BC. Ends Jan 5. Closed Mon. **Van Gogh Museum Acquisitions** 1986-91, including work by Dutch artists of the Hague School, contemporaries of Van Gogh, two Van Gogh drawings and two

paintings. Ends Jan 5. Also paintings and drawings by Johan Coben Goeckh (1873-1912), early promoter of Van Gogh's work. Ends Dec 8. Daily.

BALTIMORE Museum of Art Monet: 32 works by the Impressionist master, on loan from the Museum of Fine Arts in Boston. Ends Jan 19. Closed Mon. **Fundacio Joan Miro Karel Appel** (b1921): 66 paintings and seven sculptures illustrating the Dutch artist's barbarous realism and apocalyptic visions. Ends Dec 1. Closed Mon.

BERLIN Altes Museum (Gemäldegalerie) Rembrandt: the biggest exhibition ever mounted of the Dutch master's paintings and drawings, taking into account latest research on attribution. Ends Nov 10. Closed Mon and Tues. **FRANKFURT** Schirn Kunsthalle Picasso, Miro, Dali and the origins of modern art in Spain. Ends Nov 10. Also Arshile Gorky (1904-49): more than 100 works by the Armenian-born American artist. Ends Nov 10. Also Tapes and Books: a collection of prints and illustrated books by the Catalan artist (b1923). Ends Nov 10. Closed Mon.

STÄDEL Velezquez and Goya: contrasting portraits of Philip IV and Charles III, on loan from the Prado. Ends Jan 19. Also the *Städel Moderns 1906-37*: paintings dubbed degenerate by the Nazis, including work by Beckmann, Chagall, Gauguin, Klee, Kokoschka and Matisse. Ends Jan 12. Daily. **LONDON** Hayward Gallery

Toulouse-Lautrec: the most comprehensive exhibition of his work ever held in UK. Apart from portraits and figure studies, it includes his famed paintings of late 19th century Parisian night life, illustrations for theatre programmes, posters for the Moulin Rouge and caricatures of friends. Ends Jan 19. Daily. **National Gallery The Queen's Pictures:** nearly 100 paintings, including works by Holbein, Van Dyck, Rembrandt, Vermeer, Canaletto, Gainsborough and Reynolds. Divided into six sections, the exhibition traces the growth of the collection over 300 years, reflecting the tastes of individual members of the Royal Family. Ends Jan 19. Daily. **October Gallery Kenji Yoshida** (b1924): 25 works in different mediums by an artist who combines influences from East and West and remains distinctly Japanese. Ends Nov 9. Closed Sun and Mon. **Tate Gallery Turner's Rivers of Europe, focusing on his tours to the Low Countries and the Rhine in 1817, the 1820s and 1830s. Ends Jan 26. Also William Blake: 150 watercolours, drawings and engravings from the Tate's collection. Ends Nov 2. Daily. **Victoria and Albert Museum** Visions of Japan: the complexities of Japanese culture and lifestyle in the past, present and future. Ends Jan 5. Also Piero Fornasetti: drawings, graphic design and designs for objects by the Italian who brought his dreams and illusions into the modern interior. Ends Jan 19. Also Schinkel: an exhibition focusing on the great 19th century German classical architect. Ends Oct 27. Daily.**

Wykeham Galleries Out of Doors: new work in oil, watercolour and pastel by nine established artists, including William Burne, David Curtis and John Yardley. Ends Oct 19. Closed Sun and Mon. **MADRID** Fundación Juan March Monet at Giverny: 20 oils dating from the period 1903-25, on loan from the Musée Marmottan in Paris. Ends Dec 22. Daily.

MUNICH Akademie der schönen Künste Hubertus von Skal: recent goldsmith work. Ends Nov 10. Closed Mon. **Kunsthalle der Hypo-Kulturstiftung** Matz: a major retrospective of the Chilean-born surrealist who is shortly due to celebrate his 80th birthday. Ends Nov 11. Daily.

NEW YORK Brooklyn Museum Objects of Myth and Memory: 250 native American objects acquired in the first years of this century, most of which have not been on public view for decades, including kachina dolls, ceremonial baskets and monumental wood carvings. Ends Dec 29. Also Sigmar Polke: the first North American exhibition of the influential German artist, tracing his diverse output with 50 paintings from 1963 to the present. Ends Jan 5. Closed Mon and Tues. **Metropolitan Museum of Art** Seurat: a retrospective marking the centenary of the artist's early death. Also Neo-Impressionism, the friends and followers of Seurat: paintings by Pissarro, Signac, Matisse and others. Ends Jan 12. Also recently acquired French 19th century drawings: 30 examples, many related to commissions for church

decorations. Ends Dec 1. Also Renaissance tapestries and armour from Flanders, Germany and Italy, on loan from the Patrimonio Nacional Madrid. Ends Jan 5. Also Indian and South-east Asian art: 200 small sculptures, including a rich representation of Javanese bronzes. Ends June 92. Closed Mon. **Museum of Modern Art Tadao Ando:** first American retrospective devoted to the influential Japanese architect (b1941), who works in a minimal modern vocabulary of concrete and glass. Ends Dec 31. Closed Wed. **Whitney Museum of American Art Scott Burton** (1939-89): the artist's last works, combining his intellectual rigour with respect for utility and for the physical pleasures of essential objects. Ends Dec 8.

PARIS Grand Palais Géricault: a major retrospective marking the 200th anniversary of the birth of one of the most influential figures in the development of the Romantic movement in art, with 350 works from public and private collections around the world. Ends Jan 6. Closed Tues, late closing Wed. **Grand Palais A Golden Age of Decorative Art:** 350 works from the period 1814 to 1848, including cabinet and mahogany armchairs, bronze works, jewellery, lighting, tapestry and porcelain, much of it commissioned by the Bourbon monarchy. Ends Dec 30. Closed Tues, late closing Wed. **Musée des Arts Décoratifs Les Dubuffet de Dubuffet:** the artist's personal collection of his own work, including more than 20 paintings, 135 drawings and seven

sculptures, which he donated to this museum in 1967. Ends March 22. Closed Mon and Tues. **Musée Picasso:** 100 works from the years 1893-1905, some being shown in public for the first time, including family and self-portraits, caricatures, symbolist and naturalistic works, also paintings on religious and erotic themes. Ends Nov 25. Closed Tues, late closing Wed. **Musée d'Orsay Munch and France:** an exhibition tracing the interaction between Munch and French art resulting from his visits to Paris between 1885 and 1908. Ends Jan 5. Closed Mon, late closing Thurs.

STUTTGART Galerie der Stadt Otto Dix: a major retrospective marking the centenary of one of the towering figures of 20th century German art. Ends Nov 3. Closed Mon. **WASHINGTON** National Gallery of Art Circa 1492: Art in the Age of Exploration. 600 paintings, sculptures, decorative objects, maps and scientific instruments, from Europe, Africa, Asia and the Americas, with works by artists as diverse as Leonardo da Vinci, Albrecht Dürer, Shen Zhou, Islamic scribes and bronzecasters of Benin. The exhibition is organised into three sections: Europe and the Mediterranean World, Toward Cathay and The Americas. Ends Jan 12. Daily.

National Museum of American Art William H. Johnson and Afro-America 1936-48: more than 80 paintings describing the mid-20th century black experience, from cotton fields and dance halls to city streets and battlefields. Ends March 1. Daily.

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A mayor for London

THE announcement by Mr Chris Patten that "how best to address London issues and London problems" will find "proper expression" in the next Conservative manifesto is among the most welcome to come from Blackpool this week. London's government is in a mess, and until that is sorted out the capital's infrastructure and quality of life are likely to deteriorate further.

Structural change is no panacea. Trains will not miraculously accelerate, roads clear, streets brighter and deprivation cease by edict of a revised County Hall. All parties now accept that education, social housing, health and social services are best organised and provided locally. Scarcity at the virtues of "strategic planning" from on high is not restricted to Britain: Rotterdam, Barcelona and Copenhagen have lost their overarching strategic authorities for much the same reason.

However, reform can and should aim at three distinct improvements: to give London a democratic voice of its own; to provide a representative body able to consider issues - particularly transport and significant development projects - affecting the region as a whole; and to establish a single executive for the core city, the absence of which sets London apart not just from other world capitals but from all other British cities. Birmingham City Council rules over some 995,000, Glasgow over 700,000. The five innermost London boroughs put together have fewer than 900,000, while the so-called "City of London" has just 5,000 residents.

Goals neglected

The weakness of most reform plans on offer is that they either neglect one or more of the goals, or mistakenly suppose that all three can be met by the creation of one new body. The goal, however, seems to be prepared to go no further than a minister for London or an advisory committee of the great and good. Yet London already has such a minister - called Mr Michael Heseltine, as the "east London corridor" has made clear - and he and his successors are unlikely to be much influenced by a forum of appointed gran-

dees. Labour's plan for an elected Greater London Authority is more attractive. But the GLA is at once far too large to be a unitary authority (which is not what Labour intends), yet far too small to be a regional authority exercising strategic functions (which is what Labour wants). To take on such a role, the GLA would need to extend across the Network South-East region - and in the process lose its distinctive London identity.

Problem-free blueprints

Beware of salesmen proffering problem-free blueprints - there are none. Nonetheless, two separate reforms are worth consideration to make the improvements outlined above. First, the creation of a London Council - a unitary authority, directly elected, with an executive mayor, formed by amalgamating the City and the Inner London boroughs. Second, a Senate of the South-East, composed of representatives of local authorities, charged with co-ordinating local government activity and advising government on strategic questions affecting the region as a whole.

The London Council would subsume the central London boroughs - giving it more or less the same boundaries as the old London County Council. It would have the same legal functions as the existing London boroughs, though it would do well to keep its service delivery decentralised. Its executive mayor - elected by the council - would sharpen public accountability for those services, and rapidly become spokesman and agitator for the capital - in Brussels as well as London.

The Senate of the South-East would be an advisory body, without executive powers or tax base of its own, articulating a regional view while accepting that responsibility for overall transport and development policy resides in Whitehall and Westminster. Some want to see that responsibility shifted to elected regional governments. But that would be true federalism, which is a different - and even more contentious - issue than improving London's government. Confuse the two and London's troubles continue.

Gas competition

IT HAS been apparent for some time that British Gas and its regulator, Ofgas, are locked in a tango to nowhere in the search for more competition in the UK gas market.

Although yesterday's report from the Office of Fair Trading acknowledges that British Gas has complied with the law, the result is marginal competition in the industrial gas business.

The report portrays British Gas as a body which has shamelessly manoeuvred to hoard supplies, to fix transportation tariffs in its own interests and even to pre-empt rival investment plans on the basis of information available to it as the dominant gas broker. When Ofgas pursues such allegations, it often faces "the

absence of satisfactory information from BG".

The Office of Fair Trading says it has not examined these complex matters sufficiently to be sure of the right way forward, but makes three bold proposals: to break up British Gas by creating a separate pipeline and storage company to relax restrictions on gas imports and to crack BG's absolute monopoly in supplying smaller customers.

The report is now with Mr Lilley, the trade and industry secretary, and British Gas has until the end of the year to propose "further undertakings". Mr Lilley should not hold his breath: he should prepare himself, telecom-style, for far-reaching action.

Mr Bush's straw

PRESIDENT GEORGE BUSH is growing daily more impatient at the failure of the US economy to deliver the recovery so long forecast by his White House economists (a feeling Mr John Major must know). There is, in fact, even less sign of any demanded recovery in the US than in the UK, but the president has one advantage over the prime minister: some plausible scapegoats. Congress, he argues, is delaying recovery by its reluctance to pass his proposed bank reforms, which would offer banks new revenue to support their lending. Meanwhile, the banks are hampered by over-zealous regulation.

There is little a US president can do about Congress except grumble - a pleasure, when Congress is of the opposite party. He can, however, do something to leech in his own supervisory bounds, and this is Mr Bush's quick fix. The steps he proposes are modest and technical - to permit the banks to count a bigger proportion of preference shares in their core capital, to double to \$100,000 the size of loans which can be advanced without the backing of a full appraisal, and to set up an appeal mechanism where bankers complain of over-tight regulation.

This is hardly a revolution, but it does seem to send a mixed message about banking prudence. Rep Jim Leach, a Republican banking expert, and normally a steadfast Bush

supporter, complains: "The new rules jeopardise banks because they don't require them to raise new capital." Rep Henry Gonzalez, chairman of the House Banking Committee, says: "If the president still stands fully behind the bank examiners, 'the first line of defence for safe regulation'."

It might be worth risking this impression if bankers' or regulators' caution were indeed the most important barrier to recession. Mr Bush could cite the authoritative support of the Fed chairman, for Mr Alan Greenspan has given many warnings about a prudent credit crunch. But the evidence is no longer persuasive. While some would be corporate borrowers complain of excessive caution from their bankers (as they do in the UK), there have been no audible complaints from the bankers currently assembled for the annual meeting of the American Bankers' Association that they are frustrated by their regulators. If the case was wide open, they would probably stay inside. In any case, Governor LaWare of the Fed believes that the main cause of low credit growth is no longer the reluctance of lenders, but of borrowers: the economy is flat, and real borrowing costs are high (and much higher in the UK). In the words of an opponent, Rep Charles Schumer: "The Administration is grasping at straws."

At a sudden the French are starting to realise that they are of a crucial election campaign which is going to be long, and probably rather nasty.

It is going to be long, because the general election which will decide the fate and probably the defeat of the socialist government does not take place until the spring of 1993, roughly 18 months from now. Between now and then, however, the campaign will gather force through the regional and local elections next spring.

And it is likely to be nasty because the central theme running through all the issues now emerging on the campaign agenda is that of nationalism with a strong whiff of xenophobia. Moreover, some observers already perceive a growing under-current of anti-European feeling, which has always existed below the surface in many parts of the political spectrum, and which could seriously threaten President François Mitterrand's European Community strategy.

The sharpest expression of the new mood of nationalism is the wave of anti-immigrant feeling which is being pandered to both by the right-wing opposition and by the government.

This week the National Assembly began debating a government bill to crack down on illegal immigrants. In principle, the government is aiming at a moderate policy combining firmness and humanity. But Mrs Edith Cresson, the prime minister, earlier betrayed her populist instincts when she spoke of mass expulsions of illegal immigrants in charter aircraft.

Yet the most serious indication of how nasty the debate on immigration might become came recently from former President Valéry Giscard d'Estaing, when he published an article describing the immigrant problem as an "invasion", and calling for restrictions on the acquisition of French nationality.

For him the stakes are very high: he is one of the conservative front-runners in a campaign which could well lead to victory both in the general elections and in the presidential elections two years later. It is symptomatic of the mood of the time that he thinks he can afford to shift the immigration debate sharply to the right.

On the face of it, the conservative opposition parties should not need to pander to ultra-right-wing anti-immigrant feeling. The opinion polls already give them a large and stable lead. The governing Socialist party feels demoralised, cornered and beaten, and the president and prime minister are both sinking to unprecedented depths in the polls.

But it is the regional elections, and the divisions within the conservative parties, which are getting the campaign off to such an early and such a nasty start.

The extreme right-wing National Front of Mr Jean-Marie Le Pen is poised to make significant advances at the grass roots; the immigration issue will play most strongly in his hands; so the traditional conservative parties are feeling the need to shift to the right, to chase after the same anti-immigrant vote.

At least two other themes are emerging in the campaign.

Immigration may decide the French government's fate, says Ian Davidson
Barriers at the border

which also have a strong nationalist flavour. The first is the plight of farmers, whose incomes have been hard hit by the drought of the last few years, by heavy burdens of debt, and above all by surplus production. But the main perceived threat to the farmers comes from the restraints on European price supports fixed in Brussels, and that threat will be much worse if the Community goes ahead with reforms that would cut prices by 30 per cent.

When 150,000 farmers staged a protest march in Paris last month, all the conservative party leaders marched with them: Mr Giscard d'Estaing of the centre-right UDF, Mr Jacques Chirac of the RPR Gaullist party, and Mr Le Pen.

Another theme is even more central to government policy: the level of unemployment, which is rising with the recession and could reach 3m before the year is out. Until a few months ago, there was a broad consensus between left and right behind the government's policy of anti-inflation rigour. Today there is a strong whiff of permissiveness on all sides that the government should ease budgetary policy and go for faster growth, coupled with rumours of the imminent resignation of Mr Pierre Bérégovoy the finance minister.

The unstated premise of this campaign is that the French

economy is being stifled by its submission to the rigours of the D-Mark; and the implication is that France should abandon its commitment to European economic and monetary union. This week Mrs Cresson gave public but belated endorsement to Mr Bérégovoy's hard franc economic policy, but everybody knows the government is divided.

Anti-European sentiment has also been given fresh stimulus by the Commission's ill-starred decision to ban the Franco-Italian takeover of de Havilland, the Canadian aircraft maker, on competition grounds. Even Mr Michel Rocard, the former socialist prime minister, has felt compelled to attack the decision as a "crime against Europe".

But it is the immigration issue which is likely to set the tone for the coming campaign. It may not be the most important issue, but it is likely to be the most controversial. Though Mr Giscard d'Estaing has talked of an "invasion", government statistics show that of 119,000 residence permits issued last year, 98,000 were either for seasonal workers or for family reunion; only 14,000 were permanent work permits. By any measure, that is a small invasion.

Moreover, the official statistics also indicate that the number of foreigners in France has

remained roughly stable for at least the past decade, at about 3.7m. The problem, however, is that these reassuring statistics do not carry conviction. In a recent poll, 76 per cent of those questioned said they did not believe that the foreign population had been stable for the past decade.

Part of the explanation is that there is a large population of illegal immigrants, who are untraced and therefore uncounted, but who almost certainly run into the hundreds of thousands.

Mr Giscard d'Estaing's proposed solution would be to restrict French nationality to those born of French parents, and to exclude those who currently qualify by virtue of being born on French soil. His proposal is self-evidently directed against non-white immigrants, and is a measure of how far the anti-immigrant debate has already gone. The National Statistical Institute reckons that nearly one fifth of the French population, or 10m people, have an immigrant parent or grandparent.

Meanwhile the police have been stepping up identity checks on foreign workers. One recent police investigation uncovered some 1,021 occupants of a workers' hostel, of whom 361 were illegal, and 134 without any identity papers at all. Last week the police exposed an undercover network engaged in the large-scale manufacture of counterfeit identity documents, including residence permits, work permits and driving licences.

But the illegal immigrants also include large numbers of asylum seekers whose legal status is now uncertain. In the past couple of years asylum applications swelled from 20,000-30,000 a year to 61,000 in 1989 and 56,000 last year. As a result of this flood, the backlog of unprocessed applications rose to some 100,000, stretching back two or three years.

In July, in a gesture of goodwill, the government adopted a compromise policy: it would accept those asylum seekers who had waited more than three years for a decision, provided they were solidly settled in France, with a job, a home and a family; but the rest must go. In theory, this might mean releasing about 25,000 and expelling 75,000. If such a solution could be put into practice, it might ease some of the anti-immigrant voters.

To deter asylum seekers the government has just stopped handing out temporary work permits. But the reality is that immigrant pressure is likely to remain enormous, and the authorities no longer pretend that they can keep them out by tighter restrictions at the frontier.

If the basic facts do not change fundamentally at the grass roots in the next few months, it seems likely that the immigration issue will continue to boil and bubble. Most of the main conservative leaders, such as Mr Giscard d'Estaing, will probably run increasingly hard to capture the anti-immigrant vote. Moderate politicians in the centre will continue to argue that the problem is not excessive immigration, at least not now, but inadequate integration. But in the stampede towards the elections of 1993, their voices may not be heard.

In orbit but off-course

Nasa cannot bail out the Soviet space effort, says Clive Cookson

THE disintegration of the Soviet Union threatens to destroy the country's space programme, by far its most important contribution to science and technology.

Soviet achievements - from Sputnik, the first artificial satellite, to Mir, the only permanent manned space station - are remarkable in their own right. Their indirect effects, by providing a competitive spur to the US space programme, have been equally important.

The Soviets showed yesterday that their programme is still alive by bringing three cosmonauts from Mir back to earth. But it will die within two or three years unless the republics make a firm commitment to keep it going as a centralised programme. A substantial infusion of western funds will be required too.

The problem is that a manned programme cannot survive on a shoestring. The infrastructure required to send people safely into space - launch and recovery facilities, telecommunications and mission control, cosmonaut training and so on - costs billions of dollars a year to maintain.

Even if the Soviets decided to scale their effort down to an unmanned programme, sending scientific spacecraft to neighbouring planets, they would have to spend several billion dollars a year to achieve worthwhile results.

The Soviet Union's total expenditure on space, from civilian and military sources, amounts to about 7bn rubles a year. Translated that into a meaningful figure in western currency is almost impossible, but the overall Soviet space effort is comparable in size with Nasa, the US space agency, whose budget is almost \$14bn (£8bn) this year.

Republican leaders, including the Russian president Mr Boris Yeltsin, and liberal members of the Soviet parliament suggested recently that the country can no longer afford to compete with the US in space, at a time when it is short of food and consumer goods.

The fragmentation of the national economy is already hurting the Soviet space effort. Work on its most ambitious new developments, the giant Energia rocket and Buran space shuttle, has been suspended.

Since the failed coup in August, individual republics have laid claim to facilities on their territory. Glavcosmos, the civilian space agency, therefore has to negotiate with Kazakhstan to use its launch site, Baikonur Cosmodrome.

The uncertainties are beginning to drain the programme of its most precious resource - skilled scientists and engineers. The newspaper Izvestia reported recently that the cosmonaut design bureau had left Glavcosmos to set up their

own company. Many Soviet space administrators see partial salvation in selling their services to the west. But their efforts so far have brought in only a few tens of millions of dollars.

Foreign cosmonauts are a minor source of funds. Austria reportedly paid just \$7m for Franz Viehboeck's flight on Mir this week. Even Soviet cosmonauts are pressed into fund-raising action. Last month the Mir crew performed in a Coca-Cola television advertisement.

Launching commercial communications satellites could be more lucrative. So far US export controls, designed to prevent the Soviet Union obtaining western technology, have shut Glavcosmos out of the market.

But the US government is now considering relaxing the restrictions. That would allow Glavcosmos to compete against ArianeSpace, the European launcher consortium, and the US space industry.

Some Soviet space administrators have suggested privately to their western counterparts that they want to go further than selling services, and actually sell off hardware, including Mir and its proposed successor Mir-2, which Nasa might find a useful adjunct to Freedom, the space station it plans to build in the 1990s.

The official line, however, is that Mir is not for sale but the Soviet Union is keen to develop jointly funded space research programmes.

The European Space Agency signed a space co-operation agreement with the Soviet Union in 1989. Working groups are slowly putting together collaborative programmes in four areas: space physics, space biology and medicine, microgravity, and earth observation.

Nasa already has far more extensive contacts with the Soviet Union. At least 40 joint projects are in development ranging from a proposed exchange of astronauts to an exchange of "artists to produce paintings representative of each other's activities".

"There are some areas in which the Soviets are world leaders, including heavy-lift launch vehicles and aggregate experience in orbit," says Peter Smith, head of Nasa's international department.

American space scientists clearly wish their Soviet colleagues well and hope they will continue to be a competitive spur, at least until the Japanese space programme has grown further.

However Nasa, under severe budgetary pressure itself, is in no position to bail the Soviets out. The future of their space programme depends on the republics - above all Russia - recognising that it will be in their long-term interest to protect the field in which Soviet technical excellence is recognised worldwide.

Out of the mouth...

■ The Pope is not known for interfering in mortal crises. So Brazilian foreign office mandarins thought the devil had been at work when they received the Pope's programme for his tour of Brazil, starting tomorrow.

Thumbing through, they spotted that the subject of his speech for Alagoas, home state of Brazilian President Fernando Collor, was to be "The Indissolubility of marriage". Whereupon the diplomats looked at each other with a wild smile.

Not only is Collor twice married, but he has stopped wearing his wedding ring in train of a conjugal crisis with wife number two who is 15 years his junior. He has several times openly snubbed the fair Rosane, and last month forced her to resign from a charity traditionally headed by the First Lady which is embroiled in allegations of corruption.

The rift has attracted of such intense public attention, that Collor even called a press conference to speak about it. Feeling that the Brazilian public could scarcely fail to see the proposed papal speech in Alagoas as connected with the president's domestic problems, the country's diplomats have spent the week lobbying their Vatican counterparts. The speech has now been rescheduled for another state.

"But we had to beg them," said an official, mopping his brow.

Gloves off

■ Is Britain's long-established venture capital group still scrapping its iron hand to go back to kid gloves? The question is raised by the sudden departure of Derek Sach after 19 years with the group culminating in his appointment as one of its three managing directors. The peak of the 43-year-old's

career there has coincided with the erosion of its gentlemanly ways by two rounds of job cuts. What's more, his rise brought him a reputation for ruthlessness which many old 31 hands think ill fits the group's tradition.

But the signs are that the shedding of Sach - who headed the biggest division, handling UK investment activities - does not herald a kid-glove counter-revolution. Some see the hand behind it as belonging to Sir John Cuckney, the tough-minded chairman steering it towards its long-awaited flotation now scheduled for next spring.

Spell binder

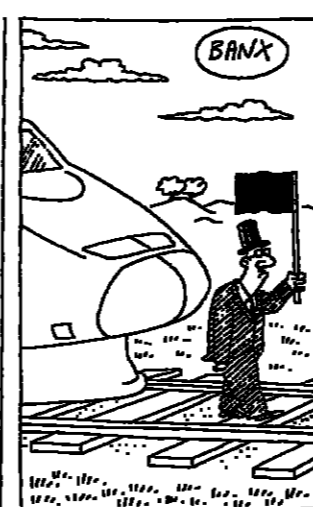
■ If Britain's Conservatives want to hide their confusion behind a figurehead able to cast a spell over the electorate, they might do well to try agriculture minister John Selwyn Gummer.

True, he ranks low for standing ovations, rating only 30 seconds of mandatory acclaim at the party conference. But farmers are evidently enthralled by his spectacles' mesmeric gleam.

So much so that some who're opposed to his policies tried to have him barred from speaking at the next National Farmers' Union conference. "We should deny him the opportunity to hypnotise us once again," said would-be banner John Barnwell, recalling the ease with which Gummer has turned enmity to enthusiasm on previous appearances. For instance, last year he arrived at the meeting to jeers, only to transform them into cheering by announcing such measures as 100 per cent compensation for stock struck by mad-cow disease.

Yesterday, however, the union's council decided to invite him again, perhaps

OBSERVER



fearing he might work worse magic if kept away. "We would be rather foolish to create any offence," explained NFU president David Naish.

Up and over

■ The upstart futures industry has finally stormed the heights of the City. One of its most eminent members has been elected chairman of the Securities and Futures Authority, the powerful regulatory body overseeing all City securities and derivatives trading.

At 44, Christopher Sharpley was chosen in preference to 42-year-old Andrew Winkler, formerly of the Treasury, Lloyds Bank International and Hoare Govett. Sharpley has no like pedigree, having set up his own futures trading firm, Inter Commodities, in the 1970s then selling it to GNL. He has since sat on the board of almost every exchange, trade association and regulatory body in London that has anything to do with futures.

Under his chairmanship, the Association of Futures Brokers and Dealers succeeded in weeding out the industry's

most notorious operators, laying the groundwork for a merger earlier this year with The Securities Association to form SFA. His election is an indication of how far the industry, once bordering on the disreputable, has come in a very short space of time.

Dress sense

■ Bad news is good news these days for auction houses. With recession scaring off buyers and sellers alike, the best chance salerooms have of masterpieces coming their way lies in owners' being hit by one of the three D's - Death, Divorce and the Dump - and so forced to sell their art.

Sotheby's is adapting well to the times. With the increasing chance that its experts will hit the door step at the same time as bailiffs or undertakers, its representatives now dress with extra care.

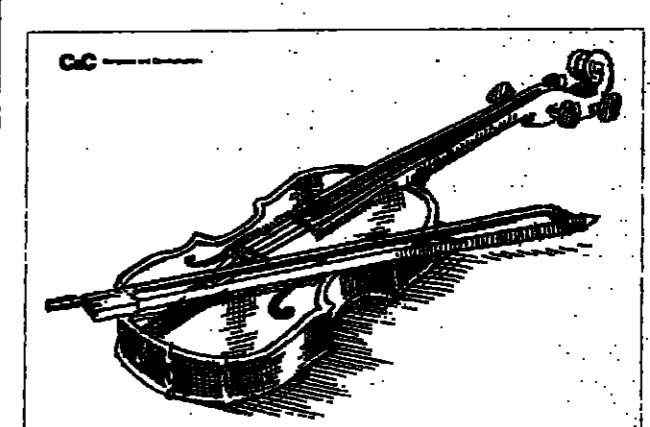
Melanie Clore, the senior director responsible for securing important modern art for sale, is setting a lead. Once famous for power-dressing in black suits, she has renounced them for more sympathetic flowing frocks.

Sotheby's is also reacting to the downturn by developing new markets. It is to set up the first auction house in India with the country's biggest trading company Modi.

A sale is planned for Bombay a year hence where the Indian rich, forbidden to sell art works in overseas markets, can dispose of all those pictures, objets d'art, classic cars and the like bought from the West in the Raj's last days.

Hard sell

■ Taking the Citizen's Charter seriously, the Ministry of Defence's Whitehall headquarters is making a "customer" satisfaction survey - after its own fashion, that is. One of the questions on the form handed to visitors reads: "How intimidated were you by the layout of the reception area?"



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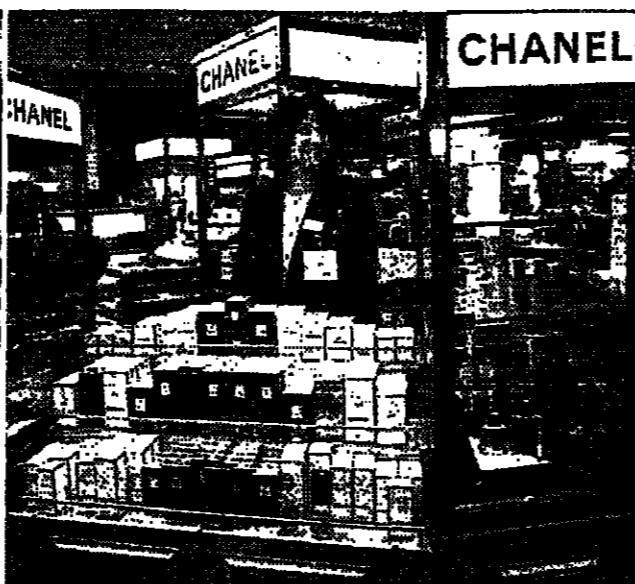
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Designer fashion starts to falter

Demographics, changing tastes and recession have hit sales of luxury goods, says Alice Rawsthorn



Alain Chevalier, a former LVMH executive, led a consortium to buy Balmain.

This weekend the troupe of designers, models, stylists and journalists who make up the international fashion circuit are arriving in London from Milan for the start of the new season's ready-to-wear collections.

Behind the chic of the collections, the world of designer fashion is in turmoil. The recession in the US and the UK, together with the swing in consumer attitudes against the glitzy values of the 1980s and the impact of the Gulf war on the duty free market earlier this year, have depressed demand for designer clothes, luxury luggage and expensive accessories.

This has already created serious problems. Last month Carolynne Rehm, a leading New York designer, went out of business. Martine Sitbon, a young Paris fashion house, was taken over by Seibu, the Japanese industrial group. Yves St Laurent, the Paris designer, disclosed a steep fall in profits. LVMH, the French group which owns the Christian Dior and Christian Lacroix fashion houses and Louis Vuitton luggage, announced a more modest decline. Giorgio Armani, the Milan designer, warned that his profits would be down this year.

The critical question for the designers - and for their backers who spent millions investing in fashion during the 1980s - is whether their problems are due to the short-term pressures of war and recession, or to longer-term changes in the marketplace.

The fashion designers of Paris, Milan and New York flourished in the 1980s thanks to economic growth in North America and Europe and the emergence of Japan as an enthusiastic new market for western luxury goods.

By the end of the 1980s, the global market for designer fashion - including accessories, perfume and cosmetics - was worth \$30bn (£17bn) according to McKinsey, the management consultancy. The members of the Comité Colbert, which represents 70 French luxury goods groups, saw sales rise by 25 per cent on 1988 to \$3.4bn in 1989.

This expansion encouraged a new breed of mainstream investors - financiers and industrialists - to invest in the Paris and Milan designers. Mr Bernard Arnault and Mr Henry Racamier, the French businessmen, fought a bitter battle for LVMH. Mr Carlo de Benedetti, the Italian industrialist, invested in YSL. Meanwhile, the British bank, bought Loro Piana to sell it to Orofio, a joint venture between Mr Racamier and L'Oréal, the French cosmetics company. Mr

with an established craft tradition, have been unaffected. The Hermès "Kelly" bag, which was introduced in 1935 and takes 20 hours to make by hand, is one of the hottest products around at almost £2,000 for the calf leather model. Gucci expects to sell 10 times as many classic loafers this year - at £175 a pair - as it did two years ago.

The trend towards quality is also apparent in Japan. "The days when the Japanese bought western products with blind enthusiasm are over," said Mr Peter Wallis, a partner in SRU, the London-based management consultancy. "They are now more discerning and the Japanese market is becoming more complex."

At the same time the designers must adjust to demographic changes. One of the main catalysts for their growth in the 1980s was the emergence of a group of young customers in their 20s whose sartorial tastes had been formed in the 1970s when pop culture was dominated by the "glam" of R&B music and David Bowie.

These people are now in their 30s. The 20-year-olds of the 1980s are not only fewer in number, but have different tastes. They have been weaned on the egalitarian culture of acid house, rap music and

raves which is not at all compatible with the elitism of the 1980s. This means the designers are losing their young market and must focus on older customers in future.

Another source of instability is the impact of the new investors. These professional investors, or so the theory went, would breathe new life into the flaky world of fashion with their modern management techniques.

To this end they hired and fired designers, installed armies of accountants, overhauled licensing arrangements and increased advertising budgets. This strategy has raised the cost of competing in fashion. It now costs about \$50m just to advertise the launch of a new perfume.

Independent designers can not afford to invest on such a scale. Nor can they afford to operate complex licensing networks. One of the main reasons for Carolynne Rehm's collapse was that as a small player (with annual sales of around \$10m) she could not attract enough licenses.

The days of the independent designer like Rehm - who was backed by her husband, the banker Mr Henry Kravis - or Martine Sitbon seem to be numbered. However, the new investors have yet to prove

themselves. Mr Arnault has yet to see a return on his \$30m investment in Lacroix and Dior has suffered a series of management changes under his ownership.

His problems pale beside those of Mr Chevalier. He took control of Balmain for Fr500m (£55m) two years ago and began a textbook strategy of hiring new designers and relaunching perfumes. Balmain lost Fr50m on sales of Fr140m last year. Four months ago Mr Chevalier was forced to sell it, reportedly for less than a fifth of the price he paid.

So far all the new investors seem to have achieved is to have increased the pressure on smaller businesses, without making a success of their own. This is partly due to the change in economic conditions and partly to their own error of under-estimating the complexity of a market like luxury goods where products sell on abstract concepts such as chic and exclusivity.

One of Mr Chevalier's mistakes at Balmain was to try to withdraw from haute couture, the most expensive collection. This seemed like a sensible decision given that Balmain had lost money on couture for years. But its Japanese licensees were up in arms. To them, couture, or the publicity surrounding it, was a critical part of Balmain's appeal.

At the same time, it is fatal for a fashion house to lose its sense of exclusivity. This means that distribution and licensing must be tightly controlled. Hermès and Chanel, which have both bucked the recession, are almost alone among the Paris houses in never licensing or franchising.

Gucci is adopting a similar strategy. In the two years since Mr Maurizio Gucci took over his family firm it has withdrawn from wholesaling and reduced its sales outlets in the US by 500 to 37. In the short term, Gucci will lose sales. However, as a private company, like Hermès and Chanel, it can afford to adopt a long-term approach.

Other companies are not as lucky. Mr Chevalier's backers at Balmain, which included the French banks, Credit Agricole and Société Générale, pulled the plug after two years. By contrast, Orofio is adopting a more cautious approach to Lanvin and has talked in terms of a five-year investment plan.

"This is an intricate market that requires long-term investment and serious research," said Mr Wallis of SRU. "The companies that grasp that, which have 'real' luxury products with heritage and craftsmanship, will do well in the 1990s. The others will simply fall away."

Joe Rogaly

Tory music hall



The Conservative grand strategy for winning the election is about as easy to pin down as a soufflé on a sand-bar. Mr John Major and his colleagues do have a wall-chart with a game-plan, but this week they have been living from day to day, staggering from one dawn conclave to the next, fatigue masking their faces.

There will be good news tomorrow. What is it? Easy. The party's conference will be over. Barring the unforeseen, it will have achieved its primary objective - nothing will have gone irretrievably wrong. It may do better than that, if later today the prime minister rises above the common expectation and makes a speech that both fires the emotions of the representatives and wins the hearts of the TV audience outside.

Of course Mr Major hasn't a hope of delivering a performance like that of Mr Michael Heseltine yesterday. That commanding voice, that straight bearing, that implacable smile - all the familiar mannerisms of a star were deployed, and the audience responded accordingly. It was pure pleasure to see the old pro in action; piquant to contemplate what might have happened if he, and not Mr Major, had become leader last November. He may have split the party, but he could have stormed the country. Written all over his face as the audience cheered was the faintest suggestion that the very same thought was going through Mr Heseltine's head.

This is not to prejudice the prime minister's address. His appeal is of a different kind, to the quiet ordinariness of the English. If he overcomes his usual pre-speech collywobles, he can make his mark, in his own way. Let us assume that he does. The conference may then be described as not a failure.

That is the limit of the aspirations of the Conservative hierarchy. This is not a gathering at which radical new policy directions could have been promoted. There can be no parallel with 1986, when the ideological agenda, pursued by the third Thatcher

government elected in 1987 was promulgated. For one thing, we no longer have an ideology-driven government. For another, such new ideas as Mr Major's team has been able to devise, of which the Citizen's Charter is the most well-publicised, were announced during the summer. They had to dribble it all out, in case the election was called in November.

Blackpool 1991 cannot therefore be described as a staging-post on a pre-planned march to a Tory victory. As Mr West may well have said in another context, planning had nothing to do with it. The convention has not, however, been all dull. There have been moments of theatre. The first was the speech by the party chairman, Mr Chris Patten, on Tuesday. Working from sketchy notes, and displaying a scorn for those transparent prompt screens, he took the

save the party along with it. The health secretary has failed in his primary task, which is to keep the National Health Service out of the headlines. He may have achieved yesterday's objective, which was to display a degree of political competence that his closest colleagues had come to doubt. His sometimes petulant face was an open book, as he drank in the deep sustenance of a sustained if somewhat forced ovation.

What remains to be seen is whether any words of his can eradicate from the popular mind the notion that the Conservatives plan to privatise the NHS. Every time they utter any sentence with the word "NHS" in it they play into Labour's hands. Never mind what the sentence says. It is a loser.

Mr Michael Howard displayed his mastery of the art of hyperbolic slander. The employment secretary, who is beloved of his colleagues for leading the attack on Labour's proposals for a minimum wage, concentrated his fire on both the opposition and its leader. It was all bad, dirty stuff. It therefore went down well. I have one matter over which to cavil. His statement that "Labour want to fill our prisons with the people who run small businesses", gives hyperbole a bad name.

The chancellor, Mr Norman Lamont, is not a natural orator, but he set out to win the acknowledgement of the audience that he can lambast the Labour party and stand up for his own side. He managed to do that, perfectly well. That is all he can hope for: while the recession persists, his reputation will be tied to the economic indicators.

The most elevated speaker was the foreign secretary, Mr Douglas Hurd, personifies wisdom, sound judgement, and trust. He set out to educate the party about the realities of international affairs, but he may find the endeavour frustrating. His rolling cadences were much admired. His gentlemanly bearing earned him respect. But the delegates I overheard understood no more than a tenth of what he actually said.

Perhaps there is a grand strategy after all. Trust Hurd. Trust Major. For lifetime Tories, that may be just about enough.

His audience knew he had to

LETTERS

Idea of R-R demerger from Vickers made sense

From Sir Ron Brerley.

Sir, I was surprised to read the claim in the Lex column ("Vickers", September 27) that Rolls-Royce's "vulnerability to the cycle makes an absurdity of Sir Ron Brerley's demerger suggestion last year."

Surely, a more rational conclusion is that all that has happened since Vickers' 1990 annual general meeting entirely supports my criticism at a time when the majority of analysts and the media had a rather more euphoric view of the company's prospects.

In particular, there is no evidence that the so-called Vickers "umbrella" has been of any assistance in countering the historically cyclical nature of the Rolls-Royce business. As even Lex itself concludes, it would require a far more substantial parent organisation for this myth to have any real substance.

If the various Vickers subsidiaries could be seen as part of a renamed Rolls-Royce Motors company rather than the opposite, which is now the case, it would be much clearer that in many instances they are merely illogical appendages to the group's main business.

Finally, if Vickers had retained its cash resources rather than spending them on grossly overpriced acquisitions, it would be much stronger in the present circumstances. Ron Brerley, chairman, GPG, PO Box 8474, Royal Exchange, Sydney, NSW

Vauxhall concerned at report on car marketing by consultant to Monopolies Commission inquiry

From Mr David Wallis.

Sir, Kevin Done's article, "European car market heads for the slow lane" (October 1), reports on the contents of a study, The Year 2000 and Beyond - The Car Marketing Challenge in Europe. As the article indicates, the study is critical of the distribution practices of European car manufacturers, including, implicitly, Vauxhall.

It is Vauxhall's firm belief that the distribution system operated by Vauxhall and its dealers provides the best value for the customer at point of sale and after sale by assuring customers of high-quality service throughout the UK and, through the General Motors European network, throughout Europe.

For those who follow the industry, it must be apparent that the study quoted by Mr Done deals with many of the issues which are currently the subject of the Monopolies and Mergers Commission inquiry into cars, which has now been going on for more than a year. The group which has published the Year 2000 report has also been retained by the MMC to prepare a report for use by the commission in the context of its inquiry.

When the commission passed a draft of the consultant's report to Vauxhall for review, we found that the research contained significant errors and omissions, and we could not agree with the methodology used. We co-operated with the commission and the

consultant to help eliminate basic factual errors on the understanding that the study was for use only by the MMC. We are therefore extremely surprised to find that the Year 2000 study appears to use some of the information supplied by Vauxhall in the context of the commission inquiry.

Vauxhall is concerned that the commission's own consultant has itself published a report containing the consultant's views on certain issues which will shortly be the subject of the MMC's report. Recent press reports suggest that the same group has acted as consultant to an organisation promoting the development of a new motor dealership concept in Belgium, the success of which Vauxhall believes may be indirectly affected by the outcome of the MMC inquiry. Vauxhall's concerns on these matters, and their possible implications for the inquiry, have been communicated to the commission.

Vauxhall remains confident that, having considered all the evidence, the MMC will find that its distribution system operates in the public interest of the United Kingdom.

David Wallis, director of business planning, Vauxhall Motors, Griffin House, Luton

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Channel rail link depressingly reminiscent of M25 saga

From Mr Owen Simon.

Sir, It is disappointing to learn that one of the reasons for the postponement of the high-speed rail link to the Channel tunnel to 2005 is because the Treasury doubts that it will be needed until then.

In case depends on BR's own forecasts for rail traffic through the tunnel; yet other forecasts (by SNCF, the French national railway, and Euro-tunnel) are much more bullish about growth prospects.

The whole Channel tunnel rail link saga is starting to become depressingly reminiscent of the case of the M25 which is now being very expensively widened only a few years after it was opened.

Why? Because the traffic forecasts on which its design was based were too low. Who agreed those forecasts? The Treasury. Owen Simon, Flat 1, 30 Netherhall Gardens, Hampstead, London NW3 5TN

Existing borders provide only basis for lasting peace in Yugoslavia

From Mr Quintin Hoare.

"Balkans peace hangs in the balance" (September 28/29). Judy Dempsey presents the issue of the internal borders of Yugoslavia in a way that is not merely misleading, but dangerous for the lasting regional peace which is rightly her concern. She suggests that the role of an EC arbitration committee will (or should) be to "look at how Yugoslavia's internal borders can be redrawn."

The outside world has been pretty unanimous to date on the two vital principles which must guide any quest for a lasting settlement: 1) no border changes by force; 2) guaran-

teed rights for minorities. Any departure from this would be a catastrophe. Far from being mere pious wishes which must inevitably bend to military realities on the ground, these principles are the rational, practical, necessary starting point which must not be abandoned. But they do indeed require a restoration of legitimate control by Zagreb over all Croatian territory. This is not an extremist or intransigent position making peace impossible, but a precondition for any durable peace.

There are at least three further good reasons why the existing borders provide the

only possible basis for future peace. First, they are about as just as borders can be. Second, they could not be altered piecemeal, to accommodate one particular minority: any change would automatically put the lot up for grabs. Third, the republics (and, until 1990, *de facto* the provinces too) have long existed as states within Yugoslavia, and provide the only conceivable basis for a future political order within their constitutionally legitimate borders.

There are indeed Croat nationalists who want to redraw borders, as Dempsey says, but they do not hold

power and their influence will grow only if an unjust settlement is imposed from outside. Thus in this respect too there is no parallel between the aggressor and the victim, since in Serbia (and the High Command) the proponents of a Greater Serbia do indeed reign supreme. The task of the EC should be not to redraw borders, let alone to intervene militarily, but to assist the emergence of a new order based on the existing eight federal units sovereignly deciding on their respective futures.

Quintin Hoare, 119 Blenheim Crescent, London W11

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5. The subscription rights of ordinary shareholders to subscribe for depository receipts under this Offer will not be listed.

6. It is intended that an application will be made to list the depository receipts on the Amsterdam Stock Exchange.

7. All applications for depository receipts will be made on the basis of the information, terms and conditions contained in a prospectus prepared in connection with the issue of Shares dated 9th October 1991 (the "Prospectus") and available as stated below. A copy of the Trust Conditions forms an appendix to the Prospectus.

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b. Completed Application Forms, payment in full (in Dutch Guilders) and Coupons No 2 from K Certificates (the subscription rights) should be submitted: (i) By Hand to the above address (ii) By Post to:

National Westminster Bank PLC, Stock Office Services, PO Box No 10, Station Way, Crawley, West Sussex, BN11 1JE.

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Amsterdam, 9 October 1991

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INSIDE

Local rivalry hinders bourse reforms

A strong federalist spirit serves many walks of German economic life perfectly well, but a penchant for decentralisation has been anything but helpful in creating a flourishing internationally competitive financial sector. In recent weeks, the Frankfurt Stock Exchange has launched another offensive to centralise the market in trading and services. But proposals for a holding company have highlighted all the rivalries among the regions. Page 24

Changing a culture

The past six months have seen the corporate culture within the UK subsidiary of International Business Machines, the world's largest computer manufacturer, shaken to the core. Mr Nick Temple, IBM UK's general manager who was appointed last December to take responsibility for planning and overseeing the shake-up in the UK, describes it as "a renaissance: a rebirth of the local company". Page 25

Test of a company's faith

For much of his time as chief operating officer of Rascal Electronics of the UK, Mr David Elsbury (left), has had to contend with nurturing the sometimes ill-disciplined poor siblings in the Rascal family. Now with Vodafone successfully floated off as an independent company and the rest of Rascal finding off a hostile takeover bid from Williams Holdings, the company's faith in Mr Elsbury is about to meet its ultimate test. Page 26

CBS delays third-quarter result

Wall Street began bracing itself for the possibility of a further write-off at CBS, the US media group after the company said it was delaying announcement of its third-quarter results pending the completion of a study of its sports properties. Page 22

Mixed welcome for oilmen

British Gas has found oil in the Ecuador rainforests, but the news has not been greeted with joy at the Indian village nearest the well. Page 28

Gloom over Athens

Like the fets, the cloud of atmospheric pollution that blots out the city's ancient landmarks, a mood of gloom has settled over the Athens Stock Exchange. Back Page

Lion Nathan in ACIL takeover

Lion Nathan, the New Zealand brewing group, announced an agreed takeover of Australian Consolidated Investments (ACIL), formerly Bell Resources, for A\$152m (US\$121m). Page 21

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Chief price changes yesterday

FRANKFURT (100)		Morgan JP	63.5	+ 2 1/2
Willing Borg	890	+ 15		
Douglas Hdg	723	+ 11		
Marshall Vrs	695	+ 15		
FRANKFURT (500)		DAIERS (FRF)	37	- 4 1/2
Willing Borg	775	+ 20		
Marshall Vrs	770	+ 10		
FRANKFURT (250)		CRF Lyon	540	+ 12
Willing Borg	770	+ 10		
Marshall Vrs	770	+ 10		
FRANKFURT (100)		CRF Lyon	540	+ 12
Willing Borg	770	+ 10		
Marshall Vrs	770	+ 10		
FRANKFURT (100)		CRF Lyon	540	+ 12
Willing Borg	770	+ 10		
Marshall Vrs	770	+ 10		

Chief price changes yesterday

FRANKFURT (100)		Morgan JP	63.5	+ 2 1/2
Willing Borg	890	+ 15		
Douglas Hdg	723	+ 11		
Marshall Vrs	695	+ 15		
FRANKFURT (500)		DAIERS (FRF)	37	- 4 1/2
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Willing Borg	770	+ 10		
Marshall Vrs	770	+ 10		

Bowater to buy 80% of Great Northern Paper

By Karen Zagor in New York

BOWATER, the biggest US producer of newsprint, is to buy 80 per cent of Great Northern Paper for about \$300m from Georgia-Pacific.

The properties being sold include a lumber company, pulp and paper mills in Maine, about 2.1m acres of woodlands and hydro-electric power facilities on the Penobscot River.

Georgia-Pacific, the world's biggest paper manufacturer, acquired most of the Maine-based properties under the Great Northern Paper umbrella in its \$3.8bn acquisition of Great Northern Nekeos in 1990.

Georgia-Pacific's paper operations have been hit by recession and reduced demand. The sale, announced yesterday, appears to be part of its policy of reducing its hefty debt burden by selling non-strategic assets.

The proposed deal comes when Bowater's earnings are also under pressure from additional industry capacity in Canada and the western US which came on stream only two years ago.

Standard & Poor's, the US credit rating agency, yesterday put Bowater's senior debt and preferred stock on creditwatch. About \$400m of securities are affected.

The purchase, along with the possibility of significant additional capital investment, is likely to increase Bowater's level of financial risk, the agency said.

The deal is expected to close by the end of the year, pending regulatory approval.

The sale will leave Georgia-Pacific with a 20 per cent stake in Great Northern Paper and proportional representation on the company's board. Under the terms of the joint-venture, Bowater will have the right to buy Georgia-Pacific's stake after June 30 for \$22m, and Georgia-Pacific will have the right to require Bowater to do so.

Mr Anthony P. Gammie, Bowater's chairman and chief executive, said: "Great Northern's products and markets are almost totally complementary to Bowater's. We are strong in newsprint, except in New England which is GNP's major market, and in lightweight coated groundwood papers."

Bowater plans to install immediately a recycling plant for newsprint and directory papers. It also plans more lightweight coated paper in grades which are more easily made from northern fibres than from the southern pine fibres now used at Bowater's South Carolina mill, when the market will support it.

Mr Gammie said: "The deal is a very different way of reading the plans of Krupp and Hoesch. It might be industrial parochialism: a German attempt to ward off foreign competitors from entering its market."

A senior industrialist in the British steel industry said: "The Germans have finally recognised they need to huddle together or reach out for European alliances. They are huddling together."

The limited information the two companies provided yesterday, on the reasons for Krupp buying its 24.9 per cent stake and their joint plans, supports this interpretation.

Mr Gerhard Cromme, Krupp's chief executive, said the details of how the tie-up would work and what the corporate structure might be were yet to be worked out. The two boards merely intend to explore whether there is "synergistic potential" in the companies' steel, automotive components, trading and industrial plant construction activities.

Mr Cromme said Hoesch would keep its identity if a merger took place and that no large plant closures were proposed. He said there would be little problem with shareholders approving the merger, after it got past the German central office and the European Commission competition authorities.

The prospect of the single European market is a general force driving the alliance. Mr Cromme said: "If we do not want to go under, we have to strive for a European dimension."

Beyond the need for the two groups to be of a size to compete in world markets, the justification for the merger rests on one factor - Krupp's fear that Hoesch might fall into the hands of a foreign competitor.

Germany still has six main steel producers, while most European countries have rationalised their industries into the hands of one dominant producer: British Steel in the UK; Usinor Sacer in France; Ilva in Italy.

The German producers are traditionally independent of one another and outsiders, but in the last six months ferocious price competition in the German steel market seems to have produced a change of mood in the industry.

A British Steel director said: "There have always been talks between German steelmakers and outsiders. But this is the first time they are taking the initiative to talk to foreigners and they are all coming out to talk."

The competition has exposed smaller steel producers such as Hoesch and Krupp, which each produce about 8m tonnes a year. A merger would create a second force in the German industry, producing more than 5m tonnes a year of flat steel mainly for the car industry. This would put pressure upon Thyssen, the leading producer, which makes about 10m tonnes a year.

The deal could also draw in Mannesmann, the steel tube and engineering group, which jointly runs a basic steel making operation with Krupp. It could also hasten a merger between Krupp's special engineering steel division and Thyssen Edelstahl, the special steel offshoot.

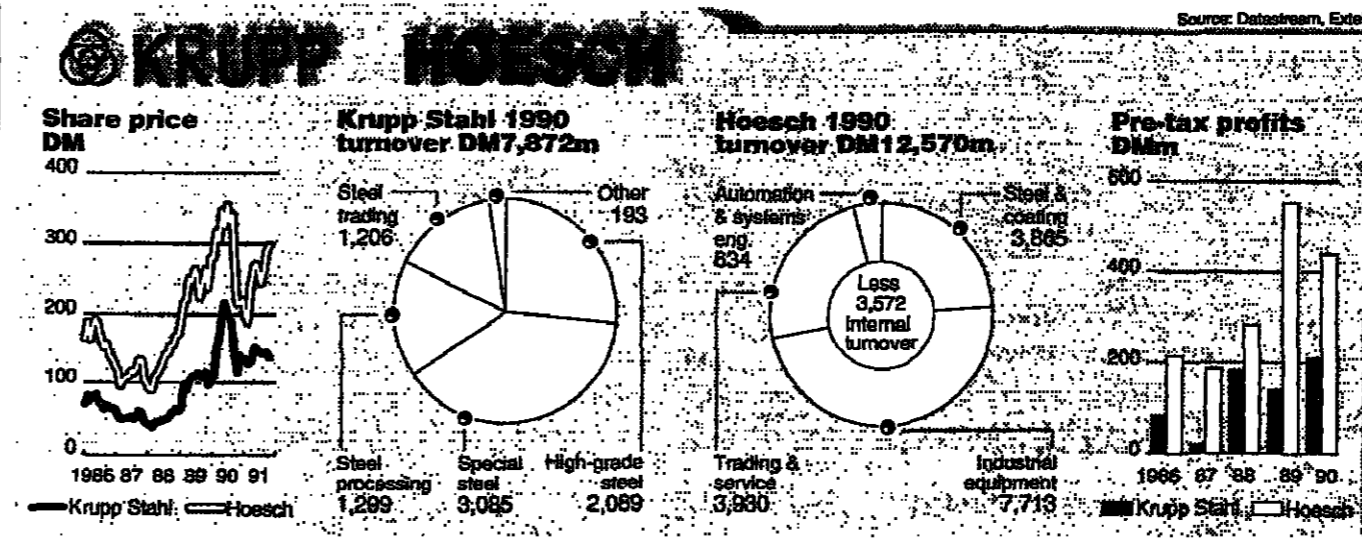
Krupp's special steel activities would not fit well with Hoesch's. Although European producers such as Usinor Sacer and British Steel might complain that they are being unfairly excluded, a merger could bring them benefits. It could reduce steel capacity, restrain competition in the German market and limit the price volatility which has so disrupted the European industry in the past year.

Moreover, it would put the spotlight on other medium-sized German steel producers, such as Kloeckner Werke and Pette Salzgitter, who might need to find larger partners. So a merger between Krupp and Hoesch may open up other opportunities for outsiders to enter the German industry.

An executive in the British steel industry said the new willingness of the German companies to talk to outsiders goes from the "top to the bottom of the industry" - a clear hint that even the mighty Thyssen has had talks with British Steel.

Krupp and Hoesch appear keen to shut the door on foreign intervention in the German steel industry but it may turn out their planned merger blows open other doors where outsiders are waiting, keen to get in.

Market reaction, Back Page



Attempt to reinforce German steel

By Charles Leadbeater and Andrew Fisher

The European Community Commission has cleared a joint selling agreement between Europe's biggest steelmakers, France's Usinor Sacer and Arbed of Luxembourg, AP reports from Brussels.

The groups agreed in May this year to set up a joint venture company, Europrofil, to sell steel beams and allied products.

The commission cleared the agreement even though Usinor Sacer and Arbed are the EC's largest combined producer of steel beams, accounting for 29 per cent of community production.

The commission said other community producers and importers were sufficiently strong to prevent the partners dominating the market.

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Market reaction, Back Page

Uni Storebrand intends to increase its stake in Skandia

By Karen Fossil in Oslo

UNI STOREBRAND, Norway's biggest insurer, yesterday confirmed its intention to increase its holding in Skandia, the Swedish insurer.

The Norwegian company yesterday said its holding in 12.7 per cent by buying a further 1.3 per cent in the market.

Mr Jarle Erik Sandvik, group director of Uni Storebrand, said he would attempt to purchase all or part of the 28.2 per cent in Skandia held by Skandinaviska Enskilda Banken, and might seek a place on the Skandia board.

Last month Uni Storebrand became the second biggest shareholder in Skandia when it acquired its 11.4 per cent stake for Nkr1.7bn (\$256m).

Mr Sandvik said the Skandia stake has been bought "to influence - through legitimate channels - the future development of Skandia and the Scandinavia insurance market".

He said Uni Storebrand is holding talks with SE-Banken and with Pohjola Insurance, Skandia's third biggest shareholder, which has 10.5 per cent.

Analysts have suggested that Uni Storebrand's strategy, together with SE-Banken, is to acquire control of Skandia to break it up, with Uni Storebrand getting the non-life insurance business and SE-Banken the life assurance side.

Mr Sandvik said: "Skandia's results in recent years have declined and we feel that through its continued expansion it has achieved a breadth of businesses which may not necessarily be profitable or sustainable in the long term."

"Any potential co-operation between Uni Storebrand and Skandia would have to be subsequent to contact and dialogue with Skandia's administration and board."

He stressed that Uni Storebrand had no ambitions to be a leading company in the European insurance market and that the pursuit of Skandia was also to keep the company in Scandinavian hands. SE-Banken has earlier been in talks with Germany's Allianz Holding.

"It became important to us to keep the dialogue on the consolidation of the Scandinavian insurance industry within Scandinavia. The obvious alternative was that it could take place outside Scandinavia with a non-Scandinavian company. That would have implications, not only for Skandia, but for any insurance company or bank in Scandinavia."

Hoare Govett buy-out collapses

By Richard Waters and Daniel Green

LONG-RUNNING attempts to arrange a partial buy-out of Hoare Govett, the UK broker owned by the California-based bank, Security Pacific, have collapsed. The broker, one of the most eminent names in the City of London, must find another bank to back it or face closure.

Hoare Govett's managers have been trying for more than two years to buy back the 51 per cent of the broking firm they sold to Security Pacific ahead of the Big Bang reforms in 1986.

The buy-out was held up by lengthy negotiations and the need to get regulatory approval in the US. Hoare's management thought it was close to completion when news broke of the planned merger of Security Pacific and BankAmerica this summer. Discussions over the past "six to eight weeks" had

made it clear that Hoare had no part in the merged bank's strategy, said Mr Peter Meinertzhagen, the broker's chairman.

The decision by Security Pacific to sell its entire holding in Hoare Govett was taken yesterday, he said, adding that the bank has undertaken to keep the broker as a going concern for at least six months.

Hoare's management must now find another bank willing to refinance its \$70m (\$120m) capital base and meet the purchase price. Mr Meinertzhagen said this was likely to be minimal, in spite of this year's strong equity markets. The broker was operating profitably, he said, but added that volatile markets made its future earnings difficult to predict.

The most likely candidate is Deutsche Bank, which is already understood to have had an exploratory discussion with Hoare Govett but which has stood back to await the outcome of talks with Security Pacific.

Deutsche, which bought the beleaguered UK merchant bank, Morgan Grenfell two years ago, said yesterday that it is not in discussion with the broker.

"I am certainly happy it has been resolved one way or the other, though I would have preferred the previous route," Mr Meinertzhagen said. The plan had always been to move eventually to a full buy-out after the partial buy-back of the firm, he said.

Security Pacific is believed to have paid around £50m for Hoare Govett, and to have pumped substantially more into the firm to boost its capital base and cover its losses.

BLUE CHIP

The recent recession has exposed the weaknesses of many of the high flyers of the 1980s. But certain companies have continued to prosper. Companies with the resources, capital, spread of business and, above all strength and depth of management to weather the bad times and prosper in the good.

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investments, Mercury is well-equipped to do just this. With one of the UK's largest and most experienced investment teams, we have frequent meetings with the top management of major British companies.

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INTERNATIONAL COMPANIES AND FINANCE

Hawker Siddeley in bid defence

By Michio Nakamoto in London

HAWKER Siddeley, the engineering group facing a £1.5bn (£2.61bn) hostile bid from BTR, yesterday announced details of what it called a "radical restructuring", in the first round of its defence against the bid.

The group's defence document outlines its plan to dispose of half its businesses and concentrate on three core areas - electrical motors, industrial batteries and aerospace - in which it believes it can achieve international leadership. Businesses that do not meet this criterion - rail and electric power, instruments and controls and general engineering - will be sold.

The disposal of non-core businesses and acquisitions to build core operations are two main features of a programme to reshape the group to provide greater value to shareholders than BTR's offer would, it said.

The trend of Hawker's restructuring has been known for some time. It recently announced disappointing interim results and a gloomy outlook, and aims in its defence document to convince shareholders that the group is well advanced in a programme to turn its businesses around.

"We have a very clear idea of where we are heading and we need no help from BTR in getting there," Sir Peter Baxen-

dell, chairman, said.

However, Dr Alan Watkins, chief executive and managing director, admitted that the five-year programme was a "progressive process" rather than a sudden development.

Although Hawker hopes to sell its rail and electric power division "in the near future," it will retain its instruments and controls and general engineering businesses until trading recovers to enable it to realise better prices for them.

The group's ability to achieve these disposals within the specified time span depends on the economy recovering, Dr Watkins said. Whether shareholders are con-

vinced that the group was better placed than BTR to deliver what it said it would depend on their view of the management of the two groups, Dr Watkins said.

Businesses to be sold are about half the group by book value and provided more than 50 per cent of turnover in the half-year to the end of June.

Meanwhile, Hawker is pressing on with a cost-cutting programme which aims to achieve savings of up to £200m a year.

BTR countered Hawker's defence by accusing the engineering group of having achieved very little progress in its restructuring.

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Finnish bank chief offers to resign

By Enrique Tessieri in Helsinki

MR JAAKKO Sakari Lassila, the president of Kansallis-Osake-Pankki (KOP), the Finnish bank which is at the centre of a financial scandal, yesterday offered to resign.

His move follows weeks of rumours about the role of Finland's biggest commercial bank in controversial share deals which have damaged the bank's reputation.

The so-called Kouri affair involved complex share deals carried out in the 1980s by Mr Pentti Kouri, a New York-based Finnish financier with the authorisation of KOP. It is alleged that the company lost heavily on these purchases after the 1987 stock market collapse.

Observers believe that a clash between KOP and Finland's banking supervision board last Monday hastened Mr Lassila's decision to offer his resignation. The banking supervision board claimed that Mr Lassila and another KOP director had given misleading figures over the deals.

The banking supervision board maintained that KOP had incurred a FM270m loss as a result of the Kouri deals and not the FM117m profit claimed by Mr Lassila. In KOP's eight-month interim report, which was issued last Wednesday, the bank claimed a FM30m loss due to the Kouri deals.

Announcing his decision to offer his resignation, Mr Lassila said that "a campaign is being conducted against me personally". He added that the "persecution" is "detrimental to the bank".

Mr Lassila's offer comes amid a period of turmoil for the Finnish bank system. Early last month, the Bank of Finland rescued Skopbank, Finland's troubled fourth largest bank, from collapse and Mr Christopher Wegelius, Skopbank president, and his deputy resigned.

Mr Lassila took over as chairman of KOP in 1983. Throughout the 1980s, when Finland had one of the fastest economic growth rates, Mr Lassila gained a reputation as the most powerful person in Finnish business circles.

BT fails in attempt to form global alliance

By Hugo Dixon in Geneva

MR Iain Vallance, the chairman of BT, formerly British Telecom, failed to cement a global alliance with Deutsche Telekom and Nippon Telegraph and Telephone during a meeting in Geneva with the top executives of the telecommunications carriers.

But he is still hoping the companies will take stakes in BT's Synordia venture, which aims to provide global communications services to multinational companies.

The three companies said at the international telecommunications trade fair in Geneva: "We note the reality and importance of the market which Synordia has been formed to address and can confirm that positive discussions are continuing between the three parties."

BT has found it difficult to finalise its alliance because other large carriers have been trying to attract Deutsche Telekom into their own ventures.

Deutsche Telekom is still unsure which of the three alli-



Iain Vallance: has hopes for Synordia venture

Telephone & Telegraph's chairman, and Mr Bert Roberts, president of MCL, the second largest US carrier, have held discussions in recent days with Mr Helmut Rieke, the German carrier's chief executive.

Deutsche Telekom is still unsure which of the three alli-

ances to join. But an executive said a decision would have to be made soon.

He said the company's three main doubts about joining Synordia remained - concern over angering France Telecom with which it has a close relationship, unhappiness that it is being offered a stake of only 25 per cent, and uncertainty whether Synordia can prove successful in the US without a big American partner.

None of the alliances is likely to be cemented this week. The round of discussions during recent days is subsiding as many of the principal players, including Mr Allen and Mr Rieke, have left the fair.

Meanwhile, Mr Gerald Thames, the president of Georgia-based Synordia, said he hoped to have a few US and European customers by the end of the year. The venture could already provide services in 27 countries, a figure which would increase to 50 by the end of next year, he added.

Bergesen slips to NKr831m

By Karen Fossell

BERGSEN, the big Norwegian shipowner, said that pre-tax profits for the first eight months of the year slipped to NKr816m (£123m) from NKr831m in the previous corresponding period. The company also warned of a decline in profits for the year.

Group operating profit for the period rose to NKr678m from NKr630m. The fall in pre-tax profits is due to an NKr11m loss on securities compared with a NKr428m profit in the same period last year.

Bergesen said that shipping operations made up 98 per cent of the pre-tax profit and that the rise in operating profit was due to a pronounced improvement in the tanker market.

Bergesen warned that the board expects the operating profit and pre-tax profit to be lower during the last four-month period of 1991 than during the two preceding periods, primarily because tanker rates and the dollar exchange rate are expected to decline.

● Aker, the cement and building materials group, said profits, before extraordinary items, declined sharply to NKr204m from NKr418m in the first eight months of the year, as reported in some editions of the Financial Times yesterday.

The weak performance was due to a continued deterioration in its core business areas which plunged into a loss of NKr65m compared with a profit of NKr327m. Sales fell to NKr3.746bn from NKr4.495bn.

Invergordon rejects final offer

By Philip Rawstone in London

INVERGORDON Distillers, the Scotch whisky group, yesterday spurned a £350m (£508m) increased cash bid from Whyte & Mackay, UK drinks subsidiary of American Brands, the US tobacco group, and set the stage for a closely-fought takeover battle.

Mr Michael Lunn, Whyte & Mackay's chairman and chief executive, said his final offer of 275p a share compared with an opening 225p - placed "a very generous valuation" on Invergordon.

The price, 54m higher than the £286m bid launched in August, represents a premium of 104 per cent on Invergordon's 1990 flotation price of 135p, and is 16.5 times its forecast of 1991 earnings per share.

However, Mr Chris Greig, Invergordon's managing director, emerged from a five-minute board meeting to urge shareholders to reject the revised offer. "Our independence is the issue," he said,

"and I think we have a strong chance of retaining it after this half-hearted bid."

Mr Victor MacColl, analyst at Henderson Crosthwaite, said yesterday that Invergordon shareholders would be "short-changed" if they accepted anything less than 305p a share.

Most City analysts had predicted that it would take an offer of between 275p and 300p to move Invergordon's shareholders, and they expect a close fight.

Mr Alan Gray, of Charterhouse Tilney, said: "I think at 275p, the bid is unlikely to succeed, but a lot may depend on the state of the market. An overall market decline would increase Whyte & Mackay's chances."

Mr Eric Frankis, of UBS Phillips & Drew, said: "It will be nip and tuck, but if market conditions stay as they are, Invergordon's defence should prevail."

Invergordon's shares rose 8p to 278p yesterday, suggesting

that the market did not expect any other bidder to enter the fray.

Whyte & Mackay repeated its view that Invergordon was "a commodity business with no major brands" and one vulnerable to a downturn in the Scotch whisky industry. "Without our offer, the Invergordon share price is likely to fall significantly," Mr Lunn said.

Recent City estimates suggest, however, that if the bid failed, Invergordon's share price would be unlikely to fall below 225p. The group, whose shares stood at 163p when Whyte & Mackay made its first move, has since been re-rated.

Its defence has been bolstered by forecasts of a 41 per cent increase in pre-tax profits this year to £32m and a further rise to at least £37m in 1992.

Whyte & Mackay's offer, which carries a full loan note alternative, will close on October 30.

Lex, Page 18

Perstorp raises dividend after 52% fall

By John Burton in Stockholm

PERSTORP, the Swedish specialty chemicals and plastics group, reported that pre-tax earnings for the fiscal year ending August 31 had fallen 52 per cent to SKr308m (\$50m). Sales remained steady at SKr6.8bn.

The company will lift its dividend from SKr4.50 to SKr5,

and offer a bonus share issue with one new share for each 10 shares already held.

Perstorp blamed the profit fall on weak business conditions generally and unstable conditions in Brazil, where it has factories. Finances remained strong with an equity ratio of 46 per cent, it

said.

The company made more acquisitions during the 1990-91 fiscal year than previously. It also reduced costs through a rationalisation programme begun last year at its main plants in Sweden, Finland, the UK, the US and Brazil.

Iberdrola revises Fecsa stance

By Tom Burns in Madrid

IBERDROLA, Spain's main private-sector utility, has dropped its opposition to an agreed bid by rival company, Endesa, the public-sector electricity generator, for Fecsa, Catalonia's chief energy supplier.

As part of the abrupt about-turn, Iberdrola has agreed to sell its 14 per cent stake in Fecsa to Endesa.

The agreement between the two electric utilities ends speculation that Iberdrola had

planned to seek a court ruling on the bid alleging that it prejudiced shareholder interests. At the end of last month, Endesa said it would spend \$400m to acquire 25.01 per cent of Fecsa, paying Pta758 a share, in order to raise its stake in the company to a controlling 40 per cent.

The reasons for the turnaround were not revealed, but it fuelled speculation that Iberdrola could be preparing to bid for Hidrocarburos, a com-

pany that supplies the Asturias region of northern Spain, and which is one of the few remaining utilities outside the orbit of either Endesa or Iberdrola.

The pact between the two companies paves the way for future asset swaps under the umbrella of a planned overhaul of the domestic electricity sector by the industry ministry, which will ensure the individual companies of a more equitable energy mix.

Crédit du Nord profits advance 4.5%

By William Dawkins in Paris

CREDIT du Nord, the commercial banking subsidiary of France's Paribas group, yesterday announced a 4.5 per cent rise in first-half net profits, to FF92.7m (US\$16.03m) from FF87.7m.

This represents a reduction in earnings growth reported for the whole of last year, when net profits rose by 10.5

per cent. It comes after a slowdown in the expansion of demand for credit and an increase in provisions for bad debts.

Total loans outstanding rose by 5.8 per cent to FF79bn, while clients' deposits rose by 18.1 per cent to FF64.7bn. The rise in general costs was kept to 3 per cent. Gross operating

income rose by 33.1 per cent to FF829.7m.

However, Crédit du Nord had to increase its provisions for new bad debts by 24.5 per cent from FF435m in the first half of last year to FF547m by the six months to June. This was partly due to its exposure to VEV, the loss making textiles company.

This announcement appears as a matter of record only.



Chiquita Brands International, Inc.

5,462,500 Shares of Common Stock

Offer price U.S.\$43³/₈ per Share

1,365,625 Shares have been purchased for distribution internationally by

S.G. Warburg Securities Lehman Brothers International

ABN AMRO Daiwa Europe Limited

Dresdner Bank Aktiengesellschaft Paribas Capital Markets Group

Swiss Bank Corporation

Banque Bruxelles Lambert S.A. County NatWest Limited

MEDIOBANCA

Banca di Credito Finanziario S.p.A.

4,096,875 Shares have been purchased for distribution in the United States by

Lehman Brothers

Donaldson, Lufkin & Jenrette

Securities Corporation

Merrill Lynch & Co.

Prudential Securities Incorporated

Salomon Brothers Inc

S.G. Warburg Securities

C.J. Lawrence Inc.

INTERIM REPORT
January 1 - August 31, 1991

SALES AND EARNINGS

The STORA group's invoiced sales rose Skr 7,394m to Skr 44,545m (Skr 37,151m). Excluding the effects of company acquisitions and divestments, invoiced sales for the period were unchanged against last year.

Group income after net financial items declined by slightly more than 30 per cent to Skr 1,191m (Skr 1,734m).

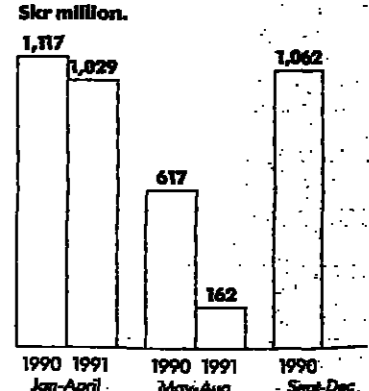
Income per share for the 12-month period ended August 31, 1991, was Skr 17.10 (full year 1990: Skr 21.20).

FORECAST 1991

Recently, the markets in most of the group's business areas have developed considerably less favourably than could have been foreseen at the time of the preceding interim report. This applies primarily to the printing and fine papers areas and also to STORA's construction-related operations, which are highly dependent upon developments in the Swedish building industry. Despite the positive effects arising from the continued measures to increase efficiency and concentrate the group's operations, the assessment is that income after net financial items for the full year will amount to approximately Skr 1,500m.

FOUR-MONTH INCOME TRENDS

The table below shows group income after net financial items by four-month period.



STORA

This is a summary of STORA's interim report for the eight months ended August 31, 1991. The full report may be ordered from STORA, Corporate Communications, S-791 80 Falun, Sweden. Tel 010 46 23 80271 or 80433.

INTERNATIONAL COMPANIES AND FINANCE

Limit set for foreign Fairfax bids

By Kevin Brown in Sydney

OVERSEAS investors in the three consortia bidding for Australia's Fairfax newspaper group will be limited to 20 per cent of voting shares, the federal Labor parliamentary caucus has decided.

However, the caucus yesterday narrowly rejected an attempt by opponents of a bid by Mr Kerry Packer and Mr Conrad Black to place a 20 per cent limit on total foreign investment, including non-voting equity.

Mr Packer, the Australian media proprietor, and Mr Black, the Canadian owner of the UK's Daily Telegraph group, are the principal investors in the Fairfax consortium, which is also backed by Hellman and Friedman, the US investment bank.

The decision means Fairfax will be free to raise as much

overseas capital as it wishes, as long as overseas voting control is limited to 20 per cent. Analysts say the effect will be to increase Fairfax's ability to bid up the price for Fairfax.

Tourang is believed to have pressed for a 30 per cent limit on foreign voting shares, but has said it will abide by whatever guidelines are implemented by the government.

The caucus decision is not binding on the cabinet, but is unlikely to be changed because it has the support of Mr Kim Beazley, the transport and communications minister.

Under Tourang's original proposal, the Telegraph group would have controlled 50 per cent of Fairfax, with a further 10 per cent going to Hellman and Friedman.

Mr Packer's Consolidated Press Holdings, an Australian

media company with television and magazine interests, would have taken 14.9 per cent, the limit under legislation controlling cross-ownership of media assets.

Mr Trevor Kennedy, the former Consolidated Press executive who is managing director of Tourang, said recently that the consortium's shareholding structure would be changed to increase the proportion of Australian investors.

Australian Provincial Newspapers (APN), the other bidder with foreign involvement, says it is happy with a tight 20 per cent limit. APN is controlled by Mr Tony O'Reilly, the Irish newspaper proprietor who is also chairman of Heinz, the US food group.

Australian Independent Newspapers (AIN), the only Australian bidder, is not

affected by restrictions on foreign capital. It has lobbied for a low limit which would disadvantage both the other bidders.

Mr Des Nicholl, the Deloitte Ross Tohmatsu accountant who is acting as receiver to Fairfax, has asked for detailed bids to be delivered by Tuesday. However, Mr Nicholl has reserved the option of floating Fairfax if the bids fail to match the requirements of the group's creditors.

Fairfax publishes the Sydney Morning Herald, the Australian Financial Review, The Age, in Melbourne, and other newspapers and magazines. It was put into receivership by its banks in December after failing to meet interest payments on A\$1.3bn (US\$1.05bn) debt acquired to finance a 1987 management buy-out by Mr Warwick Fairfax, then aged 27.

Lion Nathan in A\$152m ACIL takeover

By Kevin Brown

LION NATHAN, the New Zealand brewing group, yesterday announced an agreed takeover of Australian Consolidated Investments (ACIL), formerly Bell Resources, for A\$152m (US\$121.6m).

The takeover will give Lion Nathan full control of National Brewing Holdings, the former Bell subsidiary of the former Bell Resources, which brews the Castlebrand, Fouries, Swan and Toobies lagers.

National Brewing is jointly owned by ACIL and Lion Nathan, which bought the company after Bond Corporation crashed with debts of around A\$100m. The deal will make Lion Nathan Australia's biggest brewer.

ACIL was forced into the deal by its need to raise the A\$140m due on November 13 to

holders of US dollar convertible bonds. The bondholders could have otherwise applied to have the company put into receivership.

Under the deal, the cash will be provided by Lion Nathan in the form of bridging finance secured as a first charge over ACIL's interest in National Brewing.

The takeover will be achieved through the issue of 10 Lion Nathan shares for each ACIL share. At last night's closing price of NZ\$3.45, the paper element of the deal is equivalent to 25 Australian cents per ACIL share, totalling A\$151.7m. ACIL shares closed steady at 21 cents last night.

Mr Geoff Hill, ACIL chairman, said there was "great commercial logic" in merging the two companies. Mr Douglas Myers, Lion Nathan's chief

executive, said the deal was "an exciting development".

The deal is still conditional on the agreement of Australia's Foreign Investment Review Board, and ACIL's shareholders, bondholders and bankers, any of which could block the takeover.

Holders of ACIL's Swiss franc 1986 and US dollar 2002 convertible bonds will have to agree to exchange them for long-term Lion Nathan subordinated capital notes denominated in Australian dollars.

The deal gives Lion Nathan a call option to acquire ACIL's half-share in National Brewing, for A\$425m plus 50 per cent of 1991-92 profits if the takeover is blocked.

Lion Nathan has also given ACIL a put option to sell its National Brewing interest, for A\$420m plus 50 per cent of

earnings, if the call option is not exercised. The put option would allow ACIL to repay Lion Nathan's A\$140m cash advance.

Lion Nathan said it would raise NZ\$200m (US\$133.6m) to help finance the takeover, through a placement of 80m shares at a 5 per cent discount to last night's closing price of NZ\$3.45.

The group is New Zealand's sixth-largest listed company. It controls 56 per cent of the New Zealand beer market through New Zealand Breweries, which makes Steinlager, Lion Red and Speights.

ACIL, formerly a subsidiary of Bond Corporation, was once a vehicle for the late Mr Robert Holmes a Court, the Australian corporate raider who used it in an unsuccessful bid for Broken Hill Proprietary.

Watchdog criticises Air New Zealand shareholders

By Terry Hall in Wellington

THE New Zealand Securities Commission has criticised Brierley Investments and the other leading shareholders in Air New Zealand, including Qantas, the Australian flag carrier, for not revealing more details about arrangements between them.

The enquiry followed a political row in Australia and New Zealand earlier this year after Mr Brian Dix, Qantas chairman, suggested his Australian-based airline controlled Air

New Zealand under special shareholding arrangements. Such an agreement could have cost Air New Zealand landing rights internationally because its main shareholding is supposed to be based in New Zealand.

The Qantas statement was denied by Brierley Investments, which said it controlled 35 per cent of the airline. Qantas has about 20 per cent.

The other main shareholders criticised by Mr Peter

McKenzie, securities commission chairman, in yesterday's report were Japan Airlines and American Airlines which have about 7.5 per cent each.

The report said each should have disclosed how much they paid for their shares, terms and conditions under which they had to consult with Qantas before selling them, and details of "top up" arrangements under which Qantas guaranteed them a certain price. Among "deficiencies" cited in the report was a "black hole" which meant that none of the main shareholders was under any obligation to disclose any of its interests until after a public share offer had been completed in October 1989.

The report recommended changes to regulations on prospectuses, securities and the stock exchange, including penalties for failing promptly to notify a substantial change in a company.

Resplendid to acquire outstanding shares in ACM

By Kevin Brown

RESPLENDID, the vehicle for a bid for Australian Consolidated Minerals (ACM) by Western Mining Corporation (WMC) and Normandy Poseidon, said it would move to acquire outstanding minority shareholdings compulsorily.

Resplendid said holders of 90.07 per cent of ACM shares had accepted its A\$1.11 take-

over offer, which valued the company at A\$260m (US\$207m). Australian corporate law allows bidders to make a compulsory bid for outstanding shares.

In a separate announcement, ACM said Mr Robert Champion de Crespigny, chairman of Normandy Poseidon, had been appointed chairman after the

board's resignation. The new board will include Mr Hugh Morgan, chairman of WMC. The announcements formally complete the takeover, which was vigorously contested by ACM until its board capitulated earlier this month. The takeover battle ended when AFP, the Monaco investment group, accepted the bid

for its 30 per cent stake. ACM shareholders had earlier rejected a key plank in the board's defences against the bid - a plan to sell a 90 per cent stake in its Mount Keith nickel deposit in Western Australia to Outokumpu Metals and Resources of Finland.

WMC can now develop Mount Keith with Outokumpu.

MB-Caradon plc

(formerly MB Group PLC)

Notice to the Holders of

£61,800,000

5 1/2 per cent. Subordinated Convertible Bonds Due 2002

Pursuant to Condition 12 of the terms and conditions of the Bonds, notice is hereby given that the conversion price of the Bonds has been adjusted, as a result of the issue of new Ordinary shares for subscription by way of rights to existing shareholders of MB-Caradon plc (other than to certain overseas shareholders) as follows:

- 1) The conversion price has been adjusted to 187p per Ordinary share.
- 2) The adjusted conversion price took effect on 9th October, 1991.

MB-Caradon plc,
Caradon House,
24 Queens Road, Weybridge,
Surrey KT13 9UX,
United Kingdom

11th October, 1991

THE VENEZUELA HIGH INCOME FUND N.V.

DIVIDEND NOTICE

Consistent with the authorization granted by the Board of Supervisory Directors on October 9, 1991, notice is hereby given that the Fund's Managing Director has declared a distribution of U.S.\$0.32 per share, payable on October 15, 1991 to common shareholders of record at the close of business on September 30, 1991, in the case of shares held in registered form, or upon presentation of coupon number 1 attached to the common share certificate to the Fund's Paying Agent (on or after October 15, 1991), in the case of common shares held in bearer form.

By Order of the Managing Director

Managing Director and Location of Principal Office

Curacao Corporation Company N.V.
De Ruyterkade 62, P.O. Box 812
Willemstad, Curacao
Netherlands Antilles

Administrator, Registrar, Transfer and Paying Agent

Cititrust (Bahamas) Limited
Thompson Boulevard
P.O. Box N1576
Oakes Field
Nassau, Bahamas

TELEPHONE 071-826 7233

FTSE
Oct 2590-2598 +11 Oct WALL ST
Dec 2611-2621 +11 Dec 2648-2661 +3

5pm Prices Change from previous 5pm close

HOW WELL DID YOU JUDGE THE MARKET?

GENERAL CINEMA CORPORATION

(the "Company")
5 per cent. Exchangeable Subordinated Debentures Due 2002
(the "Debentures")
Exchangeable for Ordinary Shares of 25p Each of Cadbury Schweppes p.l.c. ("Cadbury")

NOTICE OF EARLY REDEMPTION

Redemption Date: 11th November, 1991
Exchange Right Expires: 8th November, 1991

NOTICE IS HEREBY GIVEN to the holders of the Debentures that pursuant to and in accordance with the terms and conditions of the Debentures (the "Conditions"), the Company has elected to redeem all the outstanding and not previously exchanged Debentures on 11th November, 1991 (the "Redemption Date") at a redemption price of 102 per cent of the principal amount thereof, together with interest amounting to £21.11 per £100 principal amount of Debentures and £211.11 per £10,000 principal amount of Debentures accrued to the Redemption Date.

Payment of the redemption price of the Debentures and accrued interest thereon will be made on or after the Redemption Date upon presentation and surrender of the Debentures together with all interest coupons (the "Coupons") appertaining thereto maturing after the Redemption Date at the offices of any one of the Paying Agents listed below. If a Debenture is presented for redemption with any Coupons maturing then the face value of any missing Coupon will be deducted from the sum due for payment. Interest on the Debentures and any Coupons maturing after the Redemption Date will cease to accrue on and after the Redemption Date. Coupons maturing prior to the Redemption Date should be detached and surrendered in the usual manner.

Debentureholders have the right, on or before the close of business on 8th November, 1991, to exchange the Debentures into fully paid Ordinary Shares of 25p each of Cadbury ("Cadbury Shares"), at an exchange rate equal to £1,000 principal amount of Debentures for 333 Cadbury Shares.

In order to exercise the exchange right, the holder of any Debenture to be exchanged shall surrender such Debenture at the office of any Exchange Agent listed below, with the exchange notice on the reverse of the Debenture duly signed and completed and together with all payments (if any) referred to below required to be made by the Debentureholder. The right to exchange the Debentures will terminate at the close of business on 8th November, 1991.

Each Debenture delivered in respect of the exercise of exchange rights should be delivered with all unexpired Coupons appertaining to it, failing which the relevant Exchange Agent will require payment of an amount equal to the face value of any missing unexpired Coupon as provided in the Conditions. A Debentureholder delivering a Debenture for exchange must pay an amount in pounds sterling equal to the liability of such holder to any United Kingdom stamp duty payable on the transfer of the Cadbury Shares. If payment on account of United Kingdom stamp duty is not made in full by the holder at the same time as Debentures are submitted for exchange, the Company may meet this liability on behalf of the holder by retaining such number of Cadbury Shares as will on a sale on the London Stock Exchange realise sufficient cash proceeds to meet such stamp duty liability. In accordance with the Conditions, no adjustment shall be made upon exchange of any Debenture for interest accrued thereon or on account of any dividend paid on the Cadbury Shares.

IMPORTANT

Redemption Price (together with accrued interest) for each £1,000 principal amount of Debentures: £1,041.11
Redemption Price (together with accrued interest) for each £10,000 principal amount of Debentures: £10,411.11
Value on 8th October, 1991 of the Cadbury Shares into which each £1,000 principal amount of Debentures is exchangeable: £1,371.96
Value on 8th October, 1991 of the Cadbury Shares into which each £10,000 principal amount of Debentures is exchangeable: £13,719.60
based on the middle market price of 412p per Cadbury share at the close of business on 8th October, 1991 (the latest practicable date before the publication of this notice, derived from the London Stock Exchange Daily Official List of the same date).

General Cinema Corporation, 27 Boylston Street, Chestnut Hill, MA 02187, USA, incorporated in the USA.

11th October, 1991

PRINCIPAL PAYING AND EXCHANGE AGENT

Bankers Trust Company
1 Appold Street
Broadgate
London EC2A 4BE

PAYING AND EXCHANGE AGENTS

Swiss Bank Corporation
1 Aeschenvorstadt
CH-4002 Basel
Banque Indosuez Luxembourg
36 Allée Scheffer
Luxembourg

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF DEBENTUREHOLDERS. IF HOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY ARE RECOMMENDED TO CONSULT THEIR INDEPENDENT FINANCIAL ADVISER WITHOUT DELAY.

General Cinema Corporation and approved auditors for the purposes of Section 87 of the Financial Services Act 1986 by Morgan Grenfell & Co. Limited, member of the SFA. The value of shares can go down as well as up.

BERTELSMANN INTERNATIONAL FINANCE LIMITED N.V.

8% US-\$ 200,000,000 Bonds of 1986/1993

Early redemption on December 4, 1991

In accordance with article 4 of the Terms and Conditions of the Loan all Bonds are called for early redemption at 100 1/2% on December 4, 1991.

The Bonds will be paid at
Commerzbank Aktiengesellschaft, Frankfurt/Main
Deutsche Bank Aktiengesellschaft, Frankfurt/Main
Commerzbank Aktiengesellschaft, Brussels Branch
Commerzbank Aktiengesellschaft, London Branch
Commerzbank International S.A., Luxembourg
Commerzbank (Switzerland) Ltd., Zurich

The Bonds shall cease to bear interest as per December 3, 1991. Coupons as per December 4, 1992 and following are to be attached to the Bonds. The amount of missing unexpired coupons will be deducted from the principal amount. The coupon as per December 4, 1991 will be paid separately.

Curacao, Netherlands Antilles, October 1991

BERTELSMANN INTERNATIONAL FINANCE LIMITED N.V.

RECKITT & COLMAN PLC.

London

has sold the Manan consumer products



to LONDON RUBBER COMPANY

GmbH, Mönchengladbach
member of London International Group Plc.

We advised the seller in this transaction.



MATUSCHKA GROUP
Matuschka Corporate Finance
Munich Berlin New York

U.S. \$100,000,000



Takugin International (Asia) Limited

(Incorporated in Hong Kong)

Guaranteed Floating Rate Notes due 1997

Guaranteed as to payment of principal and interest by

The Hokkaido Tokai Bank, Limited

(Incorporated in Japan)

In accordance with the provisions of the Notes, notice is hereby given, that for the six month Interest Period from October 11, 1991 to April 13, 1992 the Notes will carry an Interest Rate of 5.6875% per annum. The interest amount payable on the relevant interest payment date, April 13, 1992 will be U.S. \$292.27 for each Note of U.S. \$100,000 denomination and U.S. \$7,306.86 for each Note of U.S. \$250,000 denomination.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank

October 11, 1991



U.S. \$250,000,000

National Australia Bank

(Incorporated with limited liability in the State of Victoria, Australia)

Undated Subordinated Floating Rate Notes

Notice is hereby given that for the six months Interest Period from October 11, 1991 to April 13, 1992 the Notes will carry an Interest Rate of 5.6875% per annum. The interest payable on the relevant interest payment date, April 13, 1992 will be U.S. \$7,178.39 and U.S. \$2,697.14 respectively for Notes in denominations of U.S. \$250,000 and U.S. \$100,000.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank

October 11, 1991



The Hongkong and Shanghai Banking Corporation Limited

(Incorporated in Hong Kong with limited liability)

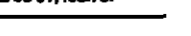
U.S. \$400,000,000

PRIMARY CAPITAL UNDATED FLOATING RATE NOTES



Notice is hereby given that the Rate of Interest has been fixed at 5.825% and that the interest payable on the relevant Interest Payment Date January 13, 1992 in respect of \$5,000 nominal of the Notes will be \$73.44 and in respect of \$100,000 nominal of the Notes will be \$1,468.75.

October 11, 1991, London
By: Citibank, N.A. (CITI Dept.), Agent Bank



U.S. \$200,000,000 5 1/2 per cent Guaranteed Convertible Subordinated Bonds due 1996 of Bell Resources Financial Services N.V. and Bell Resources Ltd.

Bondholders should be aware that there is a legal dispute between the Trustee and Issuer concerning the exercise of the put option wherein judgement is expected shortly from the High Court in London. Notwithstanding this dispute, the period for deposit has not been extended and any Bondholder wishing to exercise the put option at 117.7% of par must deposit his bond with a paying agent on or before Monday 14th October 1991. The Issuer has indicated that if the High Court rules in its favour it will redeem the Bonds at 103% of par on 13th November, 1991.

Swiss Bank Corporation

10th October, 1991

New Issue
Closing October 11, 1991

Republic of South Africa

DM 400,000,000

10 1/2% Deutsche Mark Bonds of 1991/1996

Interest: 10 1/2% payable annually in arrears on October 11
Redemption: October 11, 1996 at par
Listing: Frankfurt am Main



Deutsche Bank

Aktiengesellschaft

Banque Paribas
Capital Markets GmbH

Bayerische Landesbank
Girozentrale

Bayerische Vereinsbank
Aktiengesellschaft

BHF-BANK

Commerzbank

Aktiengesellschaft

Dresdner Bank

Aktiengesellschaft

Kleinwort Benson
Limited

Schweizerischer Bankverein
(Deutschland) AG

Westdeutsche Landesbank
Girozentrale

Baden-Württembergische Bank
Aktiengesellschaft

Bayerische Hypotheken- und
Wechsel-Bank
Aktiengesellschaft

Creditanstalt-Bankverein
Girozentrale

Deutsche Girozentrale
- Deutsche Kommunalbank -

DG BANK
Deutsche Genossenschaftsbank

Generale Bank

Hessische Landesbank
- Girozentrale -

Korea Development
Securities Co., Ltd.

Landeskreditbank
Baden-Württemberg

Norddeutsche Landesbank
Girozentrale

Österreichische Länderbank
Aktiengesellschaft

Südwestdeutsche Landesbank
Girozentrale

Vereins- und Westbank
Aktiengesellschaft

Increase in net income for the first half of 1991

BSN RISES...

For the six months ended June 30th 1991, net consolidated sales of BSN amounted to 31.9 billion French francs compared to 27 billion French francs for the same period last year, an 18.2% increase. On a comparable consolidation basis and assuming consistent exchange rates, net sales increased by 4.1%.

Galbani in which BSN has a 50% controlling interest, has been fully consolidated since January 1st.

For the first six months of 1991, net consolidated income amounted to 403 million French francs. This figure includes a net gain of 1,171 million French francs on the sale of BSN's Champagne operations. Excluding this gain, net consolidated income amounted to 1,721 million French francs compared to 1,509 million French francs for the same period last year, a 14.1% increase.

Operating income (after depreciation and before interest expense and income tax) amounted to 5,643 million French francs, including the gain, before tax, of 2,148 million French francs related to the sale of the Champagne operations. Excluding this gain, the Divisions' operating income increased by 21.6% compared to the first six months of 1990.

OPERATING INCOME BY DIVISION		
(in millions of French francs)	June 30, 90	June 30, 91
Dairy Products	499	1,009
Grocery Products - Pasta	499	664
Biscuits	479	536
Beer	550	425
Mineral water	453	457
Containers	413	426
Divisions' Operating Income	2,893	3,517 + 21.6%
Unallocated items	(20)	2,126*
Group's Operating Income	2,873	5,643

* Including the gain before tax of FF 2,148 million related to the Champagne operations.

The substantial growth of the Dairy Products Division's operating income is attributable both to the full consolidation of Galbani in 1991, as well as the strong performances of the other companies in the Division.

Operating income of the Mineral water Division in 1990 included the operating income of the Champagne operations. Excluding the Champagne operations, the operating income of the Mineral water Division grew by more than 28% over the prior period.

Unfavourable weather conditions through June had a significant negative effect on the operating income of the Beer Division during the first half.

As required by law, BSN's consolidated results for the first six months of the year were reviewed by the statutory auditors and received the legal certification.



FRANCE'S LEADING FOOD AND BEVERAGE GROUP

INTERNATIONAL COMPANIES AND FINANCE

Intel share price surges as profits advance to \$202m

By Louise Kehoe in San Francisco

INTEL'S share price rose sharply yesterday when the semiconductor manufacturer reported improved third-quarter earnings and announced it had filed a copyright infringement lawsuit against Advanced Micro Devices, a rival Silicon Valley chip-maker.

Its stock price rose to \$42 1/2, in heavy morning trading, from a Wednesday close of \$38 1/2. Intel, the leading supplier of microprocessor chips to the personal computer industry, reported third-quarter net income of \$202m, or 96 cents a share, against \$172, or 83 cents, in the third quarter of 1990. Net income was boosted by credits of \$24m from a favourable tax ruling. Revenues rose to \$1.19bn, from \$1.01bn.

As predicted by the company earlier this month, results declined from second-quarter

levels due to weak demand and soft pricing in the commodity memory chip and computer systems sectors of Intel's business.

"This was a mixed quarter for Intel," said Mr Andrew Grove, president and chief executive. "Our most advanced microprocessors continued their growth, but sales of our older microprocessor products were off from the record shipment levels of the second quarter."

For the first nine months of 1991, Intel's net income increased to \$630m, or \$3.01 a share, from \$486m, or \$2.40, a year ago. Revenue was \$3.57bn, up from \$2.85bn for the first three quarters of 1990.

Intel said it had filed suit against Advanced Micro Devices for copyright infringement of control programs stored in its 386 microprocessor

chip. AMD launched its own version of the 386 chip in March.

The Intel suit is the latest salvo in almost four years of complex legal disputes arising from AMD claims that it had the right to produce Intel-compatible microprocessors under an earlier licensing agreement between the two companies.

A final decision on the contractual aspects of the dispute, which have been under arbitration for over three years, is expected soon.

Earlier this year, AMD filed an anti-trust complaint against Intel. Intel has also filed a copyright infringement suit against AMD in connection with another Intel chip.

Advanced Micro Devices yesterday dismissed the copyright suit as "sham litigation aimed at harassing us".

CBS delays release of quarterly results

By Alan Friedman in New York

WALL Street is braced for the possibility of a further write-off at CBS, the US media group controlled by the family of Mr Lawrence Tisch, after the company said it was delaying announcement of its third-quarter results pending the completion of a study of its sports properties.

CBS last year lost \$55m after-tax and wrote off another \$115m on its multi-year television rights to Major League Baseball. Three years ago, CBS paid \$1.05bn for the baseball rights, but a drop in advertising revenues has caused heavy losses on the deal.

The company declared an unchanged quarterly dividend of 25 cents - having slashed the dividend by 77 per cent last February. However, CBS said its third-quarter results, which were expected yesterday, may be delayed until early November.

Analysts were predicting a 50 per cent slump in third-quarter net income, following a 63 per cent plunge in second-quarter earnings.

The betting on Wall Street was that instead of releasing third-quarter earnings on schedule, CBS had decided to see how much money it earned from broadcasts of the final games of the baseball season, which should be over by the end of this month. A decision would then be made on the amount of any baseball-related write-off.

US military orders buoy Raytheon

CONTINUING US government orders helped Raytheon, the defence electronics and aircraft group, to post a 7.6 per cent rise in third-quarter net profits, to \$148.4m, writes Alan Friedman.

Revenues in the quarter were unchanged year-on-year at \$2.2bn, as were those for the first nine months of 1991, at \$6.8bn. The third-quarter profit improvement followed modest increases of 2 per cent and 4.6 per cent in first and second-quarter earnings.

Raytheon is best known for its Patriot missiles, which were used in the Gulf war. The company said it had received \$115m of US Army orders during the quarter to upgrade the Patriot.

The company's backlog of orders stands at \$8bn, of which some \$6bn represent US government-funded purchases.

Midway views asset sale as insufficient

MIDWAY Airlines, the Chicago-based carrier operating under Chapter 11 bankruptcy protection, will have difficulty covering all its debt in spite of recent court approval for the sale of its assets to Northwest Airlines, writes Karen Zagor in New York.

Mr Alfred Altshuler, Midway's chief financial officer and senior vice-president of finance, said: "The company does not expect the proceeds of the sale to be sufficient to compensate the creditors in full nor does the company expect it to contain sufficient assets to compensate the equity holders."

The US bankruptcy court on Tuesday approved the transfer of Midway's assets to Northwest for \$170m. As part of the agreement, Northwest would acquire Midway's 21 gates at Midway Airport in Chicago for \$20m in cash and \$4.7m in assumed debt. Northwest would also pay an additional \$95m for Midway's other assets.

Sixth offer for Executive Life

By Nikkai Tait in New York

A SIXTH potential buyer - the Broad financial services group - has entered the bidding for Executive Life of California, a day ahead of the deadline for offers.

Executive Life, one of Drexel's biggest clients, owns the largest single portfolio of junk bonds. When the investment bank collapsed, Executive Life suffered a policyholder run. In April this year, it was seized by the Californian insurance regulators and put up for auction.

Broad said it was willing to acquire about \$5.5bn of restructured fixed annuity, life insurance and guaranteed insurance contract reserves from Executive Life, on an "assumption reinsurance

basis". It said the proposal would involve taking over all the company's regular annuity and life insurance business.

The proposal suggests Broad would commit around \$275m to underpin the acquired business.

Broad made clear it would not assume any of Executive Life's mortgage loans, property or lowest-rated bonds (those below the insurance industry's new "category three").

Broad is a financial services company built up by Mr Eli Broad, based - like the failed Executive Life business - in Los Angeles. Under its former name, Kaufman and Broad, it started out as a Detroit-based housebuilder. In 1971, however, it acquired Sun Life Insurance

Company of America, taking it into the life industry.

Among the most recent deals, Broad has acquired the sales force of Southmark Financial Services, and the financial services business of Integrated Resources.

The other contenders to the Executive Life auction include a French consortium, which involves Alstom, part of Credit Lyonnais, and MAAF, the large mutual insurer; an umbrella organisation representing the US state insurance guaranty funds; two separate US consortia, centred on investors who specialise in bankruptcies and troubled corporate situations; and holders of Executive Life's "municipal guaranteed investment contracts".

Parretti severs links with Fiorini

By Alan Friedman

MR GIANCARLO PARRETTI, the controversial Italian financier who is locked in US and European court struggles with Credit Lyonnais for control of MGM, the ailing Hollywood studio, appears to have broken with Mr Florio Fiorini, his original financial backer.

A Dutch court yesterday rejected an attempt by Mr Parretti to be reinstated as a director of Media International, the vehicle used last year by the Fiorini-Parretti team in their \$1.3bn purchase of MGM from Mr Kirk Kerkorian. The court heard Mr Fiorini had called for a shareholders' meeting to confirm his decision to keep Mr Parretti off the board.

Mr Fiorini and Mr Parretti held several European and offshore companies together that have shuffled assets and borrowed from Credit Lyonnais to buy and sustain MGM. Mr Fiorini served as MGM chairman when Mr Parretti's Pathe Communications first bought the troubled studio.

Meanwhile, in Los Angeles, Pathe asked Credit Lyonnais to make \$2.17m of interest payments on October 15. Lawyers for Credit Lyonnais are hoping a Delaware court will rule to keep Mr Parretti away from MGM, having charged that the Italian violated loan-related agreements. Regardless of how the Delaware case is resolved, Mr Parretti could lose control of MGM because of yet another Dutch court decision that allows Credit Lyonnais to call in \$388m of loans to Media that were secured with MGM stock as collateral.

Cigna in talks over sale of unit

By Nikkai Tait

CIGNA, the large Pennsylvania-based insurance company, yesterday announced it was "considering" the sale of its property-casualty reinsurance business. The company added that it had already begun discussions with "a number of interested parties". The operation which may be sold had net premiums of about \$600m last year, and is ranked among the largest 25 reinsurance operations in the world. Like its parent, it is based in Philadelphia and draws about 56 per cent of its business from outside the US.

Cigna claimed the decision to consider a sale derived from several unsolicited inquiries from would-be buyers in the reinsurance industry. "It is not definite that a sale will occur," stressed the US insurer yesterday, adding that the reinsurance arm would continue to operate normally until a conclusion was reached.

Cigna is one of the largest multi-line insurance companies in the US, but like many of its competitors has recently suffered from pricing pressures.

CIR expects L193bn gain after L'Espresso issue

By Haig Simonian in Milan

CIR, the Italian holding company controlled by Mr Carlo De Benedetti, is expected to receive L193bn (\$153.6m) after a share issue and capital increase planned by Editoriale L'Espresso, the publishing concern it controls.

Mr De Benedetti won full ownership of the Espresso group in May after agreeing with his rival, Mr Silvio Berlusconi, to divide the Mondadori publishing empire. The Espresso group publishes the weekly news magazine of the same name, as well as La Repubblica, Italy's best-selling daily newspaper, and a chain of regional papers.

CIR will next week launch a public offering of 7.7m L'Espresso shares, equivalent to 25.7 per cent of the capital. The issue will be followed next month by a \$100m capital increase, raising the Espresso group's nominal capital to L104.5bn from L30bn at present. Following the transactions, CIR's share of the company will fall to 50.1 per cent, while 28.4 per cent will be floating.

Next week also sees the first

steps for the flotation of La Repubblica, which will be spun off and listed separately following a merger with the already quoted but inactive Cartiera di Ascoli group. Gaining control of Cartiera di Ascoli was one of the conditions put by CIR for ending the battle for control of Mondadori.

Mr Corrado Passera, L'Espresso's managing director, said the Repubblica deal should be completed by year-end. He forecast that L'Espresso net group profits should reach L37bn this year from L33.6bn in 1990, despite a costly journalists' strike and falling advertising. By the end of 1993, group earnings should reach L50bn. Group sales this year are expected to increase to L760bn from L721bn in 1990. Investment spending in the next three years is expected to reach L150bn, two-thirds of which would go to La Repubblica. However, further foreign expansion for L'Espresso, which is raising its stake in The Independent, the UK newspaper, to 18 per cent, would be "cautious", Mr Passera said.

COMPANY RESULTS IN BRIEF

CPC International slips

CPC INTERNATIONAL, US food group, reported a 22 per cent drop in third-quarter net income to \$75.5m, or 96 cents a share, from \$98.6m, or \$1.27. Sales for the period rose slightly from \$1.45bn to \$1.59bn.

For the nine months to the end of September, net income dropped to \$262.6m, or \$3.37 a share, from last year's \$272.6m, or \$3.51, while sales increased 9 per cent to \$4.64bn from \$4.26bn.

The Bank of New York posted third-quarter net income of \$58m, or 72 cents a fully diluted share, compared with net income of \$71m, or 90 cents, in the same quarter of 1990.

In the nine months to end-September, net income fell to \$56.1m, or 45 cents a share, from \$243.3m, or \$3.16. Hilton Hotels, the California-based lodging and gaming group, posted third-quarter net income of \$18.8m, or 39 cents a share, compared with \$21.5m, or 45 cents, in the same quarter last year. Revenues for the period were \$275.1m against \$280.1m.

In the first nine months, net income was \$54.7m, or \$1.15 a share, on revenues of \$559.2m, compared with net income of \$85.2m, or \$1.03, on revenues of \$799.2m in the 1990 period. Wachovia, the fifth largest banking group in the south-eastern US, reported third-quarter net income of \$50.6m, or \$1.12 a fully diluted share, up from last year's \$75.4m, or \$1.07.

In the first nine months of 1991, net income totalled \$235.7m, or \$3.30 a fully diluted share, against net income of \$221.9m, or \$3.14, in the 1990 period.

U.S. \$250,000,000



Republic of Indonesia Floating Rate Notes Due 1993

Interest Rate 5.6875% per annum
Interest Period 11th October 1991 to 13th April 1992
Interest Amount per U.S. \$10,000 Note due 13th April 1992 U.S. \$292.27

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Avenir Havas Media Consolidated First Half 1991 Results

Avenir Havas Media's first half 1991 consolidated results were announced October 3, 1991 at the meeting of its Board of Directors chaired by André Chadeau. The consolidated results were presented as follows:

In FF millions	First half 1991	First half 1990	Full year 1990
Revenues	3,360.0	3,211.1	6,402.2
Operating profit	200.2	272.6	455.1
Profit from continuing operations, before tax	188.9	270.2	452.7
Profit from continuing operations, after tax, excluding minority interests	76.4	142.2	240.5
Consolidated net profit	76.7	162.5	257.4

During the first half of 1991, Group activities were greatly influenced by market conditions and reflect the differences in national economic situations. In western Europe, advertising investments decreased significantly, particularly in France, the United Kingdom, and Belgium.

Total consolidated revenues increased by 4.6 percent during the first half 1991 over the same period in 1990. On a comparable accounting basis and scope of consolidation, however, revenues declined by 2.7 percent.

The geographic breakdown of revenues evolved appreciably, with an increase in activities outside France.

	First half 1990	First half 1991
France	80%	74%
Abroad	20%	26%

Among the Group's different business lines, outdoor advertising grew by 5 percent. This increase was due essentially to the Group's international developments, and was attained despite the slump recorded in France where outdoor advertising decreased by 7 percent.

Free sheet activity maintained the same level as the previous year.

Advertising representation and newspaper publishing were affected by the French economic downturn.

The period saw important efforts to increase productivity, which should bear fruit by the end of the year. They already limit the negative effects of lower operating levels.

At June 30, 1991, operating profits fell 26.6 percent, and consolidated net profit, excluding minority interests, amounted to less than half of last year's figure for the same period. (Non-operating profit for first half 1990 amounted to about FF 20 million.)

Results for the second half of 1991 are expected to be in the same range as recorded for the first half, given the absence of a pickup in the advertising market.

The Board of Directors approved the increase of Avenir Havas Media's legal capital which grew from FF 172,228,300 to FF 175,507,350. This growth is due to the payment of a portion of 1990 dividends in shares for a total of 318,101 new shares, and to the exercise of options on 9,804 shares.

HM Avenir Havas Media

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SHEARSON LEHMAN HUTTON HOLDINGS INC.
(Incorporated in Delaware)
US\$300,000,000
Floating rate notes due October 1996

For the three months 11 October, 1991 to 13 January, 1992 the notes will carry an interest rate of 5.6875% per annum and interest payable on the relevant interest payment date 13 January, 1992 will amount to US\$145.41 per US\$10,000 note.

Agent: Morgan Guaranty Trust Company
JPMorgan

Marine Midland Finance N.V.
U.S. \$125,000,000
Guaranteed Floating Rate Subordinated Notes due 1994

For the three months 11th October, 1991 to 13th January, 1992 the Notes will carry an interest rate of 5 3/4% per annum with a coupon amount of U.S. \$14.69 per U.S. \$1,000 Note and U.S. \$146.88 per U.S. \$10,000 Note. The relevant interest payment date will be 13th January, 1992.

Lentel on the London Stock Exchange

Bankers' Trust Company, London Agent Bank

BRADFORD & BINGLEY
Floating Rate Notes Due 1996

Interest Rate 10.5625% per annum
Interest Period 9th January 1991 to 9th January 1992

Interest Amount per £10,000 Note due 9th January 1992 £265.51

Credit Suisse First Boston Limited Agent

US \$174,300,000
1410/1441 Broadway Finance, Ltd.
Guaranteed Secured Floating Rate Notes Due 1999

For the period from October 11, 1991 to April 13, 1992 the Notes will carry an interest rate of 5.8375% per annum with an interest amount of US \$1,498.91 per US \$50,000 principal amount of Notes payable on April 13, 1992.

Agent Bank: Security Pacific National Bank London

SABRE VIII LIMITED
JPY75,000,000,000
Floating Rate Secured Notes Due 1993

For the 3 months period 7th October, 1991 to 6th January, 1992 the Notes bear the interest rate of 6.625% JPY16,747 will be payable from 6th January, 1992 per JPY1,000,000 principal amount of Notes.

Yamaichi International (Europe) Limited, Agent Bank

INTERNATIONAL CAPITAL MARKETS

Fox completes inquiry into potential unlawful trading

By Richard Waters

INVESTIGATORS at London's troubled Futures and Options Exchange (Fox) believe they have now uncovered most, if not all, of the potentially illegal dealing by the exchange in its own contracts, and will be able to report fully on the misdemeanours to the exchange's board today.

"Very much hope we've got to the bottom of it," said Mr David Hardy, one of two Fox directors who have been heading the investigation.

The exchange has been shaken by revelations that its former chief executive, Mr Mark Blundell, gave indemnities to brokers who traded with the exchange in some of its less successful contracts. The trading, which resulted in substantial losses for Fox, was intended to create the illusion of activity to tempt investors to use the market.

Mr Blundell resigned last Saturday, along with Mr Saxon Tate, the Fox chairman, and has since said that, although he "initiated" certain trades, he did not do so for personal gain.

The irregularities were first discovered in the property futures market, launched in May, but have since been traced to other contracts on the exchange's automated trading system. These are believed to include contracts in rubber, arabica coffee and rice.

Fox has so far remained silent on the matter, and has made no moves to try to restore confidence among investors while it is unsure about the extent of the illicit trading. Now that its investigators believe they have got to the bottom of the problems, the exchange is expected today to comment on the affair for the first time.

Fox's internal investigation has been carried out by two of its directors, Mr Hardy and Mr Pat Elmer. Both are so-called "independent" directors, who do not work directly for members of the exchange. As well as reporting to the Fox board tomorrow, they will report to the SIB, which under the Financial Services Act does not have the power itself to look into what has been going on at the exchange.

Coopers & Lybrand drawn into Merrill row

By Patrick Harverson in New York

COOPERS & LYBRAND, the international accountancy firm, was yesterday implicated in the controversy surrounding Wall Street securities house Merrill Lynch and its dealings with a Florida insurance company during the 1980s. It was alleged earlier this week that Merrill "parked" junk bonds for Guarantee Security Life, the insolvent insurer seized by state authorities in August.

In a memorandum distributed to employees yesterday, Merrill claimed Coopers "was fully aware" that several times between 1985 and 1988 the securities house bought junk bonds from Guarantee Security at the end of a financial year, sold them back almost immediately at the start of the next year, and matched those transactions with corresponding transfers of US Treasury securities.

The memo also said that Coopers advised Guarantee Security about the appropriate accounting treatment of the transactions, both for financial statements and tax purposes. Coopers yesterday declined to comment on the contents of the memo.

Merrill has been forced to defend itself from allegations by Mr Michael Heekin, the deputy receiver of Guarantee Security, that the transactions were intended to deceive state regulators about the health of the insurance company's financial position by temporarily removing high-risk junk bonds from its balance sheet and replacing them with more secure government securities.

Merrill has insisted that these deals were not part of an effort to help Guarantee Security fool the authorities about its financial position or help it avoid the payment of a state corporate bond investment.

The firm said: "We are not disputing the transactions occurred. What we are saying is that we did not assist them [Guarantee Security] in misrepresenting their financial statements."

The securities house also said that at the time of the transactions it received a representation in writing from the insurance company indicating that the deals with Merrill, and Guarantee Security's junk bond and Treasury securities positions, would be reported to all state authorities and federal regulators.

Merrill believes the transactions were subsequently reported.

The Securities and Exchange Commission, the US watchdog, is currently investigating the transactions as part of a wider inquiry into the activities of Transamerica USA, the parent company of Guarantee Security.

The allegations about Merrill surfaced earlier this week after Mr Heekin confirmed a press report that the securities house was under suspicion of having illegally "parked" junk bonds for Guarantee Security on at least three occasions, in 1985, 1986 and again in 1988.

December gilt futures contract opened the day at 94.20 and traded in a range from 94.16 to 94.30 before settling to close at 94.23. Volume was 33,820 contracts.

Analysts said that the market was lacking in direction following recent heavy falls. Starting around the weakest currency within the European exchange rate mechanism, and events at the Conservative party conference failed to restore confidence.

Today, the retail price index for September is expected to show "headline" inflation, including mortgage interest payments, slowing from 4.7 per cent in August.

Market forecasts centre on an inflation rate of between 3.9 per cent and 4.1 per cent for last month.

THE GERMAN government bond market maintained a firm tone yesterday, boosted by inflows from overseas funds and an improving inflation outlook. The 9% per cent bond due August 2001 closed on a yield of 8.27 per cent, 3 basis points lower on the day.

Futures were more volatile but still stronger on the day. The December bond future on the London International Financial Futures Exchange traded between 93.85 and 93.94. The contract closed at 93.86, well up from the opening level of 93.85.

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BENCHMARK GOVERNMENT BONDS

Coupon	Red	Price	Change	Yield	Week	Month
AUSTRALIA	12.000	110.01	111.7408	-0.340	10.12	10.18
BELGIUM	9.000	99.01	99.3500	-	9.08	9.21
CANADA	9.750	120.01	120.8500	-0.200	9.16	9.08
DENMARK	9.000	110.01	110.8500	-0.075	8.95	9.04
FRANCE	8.500	111.08	111.0800	-0.274	8.97	9.04
GERMANY	8.500	101.01	101.1800	-0.220	8.91	8.86
ITALY	12.500	100.01	100.1000	-0.130	12.06	12.02
JAPAN	No 119	4.800	92.0000	-0.213	6.34	6.19
NETHERLANDS	8.500	101.01	101.1800	-0.220	8.91	8.86
SPAIN	11.800	100.01	100.8500	-0.200	11.57	11.51
UK GILTS	10.000	111.08	111.0800	-0.274	8.97	9.04
US TREASURY	7.875	101.01	101.1800	-0.220	7.57	7.48

London closing. * denotes New York closing. Prices US, UK in \$/c, others in decimal. Technical Analysis: Price Sources.

FT/AID INTERNATIONAL BOND SERVICE

These are the latest international bonds for which there is an adequate secondary market. Closing prices on October 10.

U.S. DOLLAR STRAIGHTS					OTHER STRAIGHTS				
Issued	Par	Offer	Yield	Country	Issued	Par	Offer	Yield	
150	100.00	100.00	8.50	ALBERTA PROVINCIAL 1990	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 1991	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 1992	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 1993	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 1994	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 1995	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 1996	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 1997	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 1998	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 1999	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2000	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2001	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2002	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2003	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2004	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2005	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2006	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2007	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2008	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2009	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2010	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2011	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2012	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2013	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2014	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2015	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2016	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2017	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2018	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2019	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2020	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2021	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2022	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2023	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2024	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2025	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2026	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2027	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2028	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2029	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2030	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2031	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2032	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2033	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2034	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2035	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2036	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2037	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2038	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2039	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2040	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2041	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2042	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2043	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2044	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2045	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2046	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2047	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2048	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2049	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2050	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2051	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2052	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2053	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2054	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2055	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2056	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2057	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2058	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2059	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2060	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2061	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2062	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2063	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2064	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2065	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2066	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2067	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2068	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2069	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2070	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2071	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2072	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2073	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2074	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2075	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2076	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2077	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2078	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2079	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2080	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2081	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2082	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2083	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2084	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2085	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2086	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2087	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2088	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2089	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2090	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2091	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2092	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2093	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2094	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2095	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2096	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2097	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2098	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2099	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2100	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2101	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2102	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2103	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2104	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2105	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2106	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2107	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2108	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2109	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2110	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2111	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2112	1000	100.00	100.00	8.50	
100	100.00	100.00	8.50	ALBERTA PROVINCIAL 2113	1000	100.00	100.00	8.50	
100									

INTERNATIONAL CAPITAL MARKETS

New issues dry up ahead of US inflation data

By Simon London

NEW ISSUES on the international bond market dried up yesterday, against a background of falling prices in the main government bond markets and ahead of US inflation data expected today.

No new issues were launched and bond prices slid

INTERNATIONAL BONDS

lower in the secondary market. Two highly-priced new issues launched on Wednesday were freed to trade and immediately fell in price.

Prudential's \$300m 10-year issue fell to 97.75 bid, from a fixed re-offer price of 98.24. At this level, the yield spread over US Treasury bonds is around 88 basis points, against a launch spread of 75 basis points.

Dahmer Bank's C\$950m 10-year issue fell from a fixed re-offer price of 98.80 to trade at 98.85 bid. Here the yield spread over Canadian government bonds is 36 basis points, against a launch spread of 30

basis points.

Both were lead-managed by Credit Suisse First Boston. While many competitors maintained yesterday that the deals were mis-priced, the performance was not assisted by the weakness of bonds in the secondary market. Eurodollar bonds fell by around 5 points during the morning session, matching a fall in US government bonds overnight.

While the international market was in the doldrums, two frequent Eurodollar borrowers turned to the US domestic market. Ontario launched a \$750m 10-year issue via Morgan Stanley, priced to yield 50 basis points more than US government bonds. LKB, the German regional bank, launched a \$200m 10-year issue via J.P. Morgan Securities, priced to yield 55 basis points more than government bonds.

Union Bank of Finland and ADP Bank have been downgraded by Moody's Investors Service, the US credit rating agency. UBF's rating for senior debt has been cut by two grades from Aa1 to Aa3. KOP has been cut from Aa2 to Aa3.

NASD wins early-trading approval from SEC

By Patrick Harverson in New York

THE NATIONAL Association of Securities Dealers (NASD) yesterday received approval from the Securities and Exchange Commission, the US watchdog, for an early-hours trading service allowing dealers and investors to buy and sell US-listed stocks before the New York markets have opened each day.

The decision is an important victory for the NASD, which had seen approval of its proposal delayed for more than 18 months because of SEC concern about the NASD's plan for limited disclosure of trades executed on the new system.

The NASD had proposed that participants in its new trading service, Nasdaq International, would be exempt from the normal rules requiring disclosure of volume and stock prices within 90 seconds of a trade. The SEC was hostile to the proposal, however, and had insisted that trade reporting rules for Nasdaq International should be as strict as those in the US market.

The SEC finally accepted an NASD compromise. Instead of reporting trade details within 90 seconds, the NASD will disclose at the end of each session - from 3.30am to 9.00am New York time - the high and low bids for any stock with two or more market-makers, along with the security's aggregate trading volume.

However, one SEC commissioner, Mr Edward Fleschman, yesterday voted against approving the NASD system on the grounds that the looser disclosure requirements ran contrary to the SEC's long-held policy of promoting transparency in the markets.

The exemption from normal reporting requirements is aimed at winning back business lost to overseas markets, primarily London, where disclosure rules are less onerous than in the US.

The NASD said trading on Nasdaq International would begin in early January. Market-makers will be based in London and New York, and will trade the largest over-the-counter and New York Stock Exchange listed stocks electronically on computers.

European Bourse Reform: Germany struggles with outdated equity culture Plans to centralise provoke old squabbles

A STRONG federalist spirit serves many walks of German economic life perfectly well; but a penchant for decentralisation has been anything but helpful in creating a flourishing international competitive financial sector.

In recent weeks, the Frankfurt Stock Exchange has launched another offensive to centralise the market-place in terms of trading and services. But proposals for a holding company - "Deutsche Börse" - essentially without shareholdings for the regional exchanges, together with recommendations from some officials for the creation of a central securities regulator, have provoked rivalries among the regions.

While the exigencies of international competition, most particularly from London and Paris, leave the Germans little choice but to throw all resources behind a single national system, the states (Länder) are fighting a rearguard action to defend the local bourse as well as to preserve the Länder remit for regionally-based supervision.

Germany has eight bourses. Bremen, the smallest, can claim a market share of less than 1 per cent. While Frankfurt, as the busiest, garners about 70 per cent of equity and

bond trading combined, the existence of seven other centres still dilutes everything from trading liquidity to stock exchange management expertise.

Last summer, when ideas surfaced about the creation of yet more bourses in the new states, BASF, the big chemical multinational, forcefully expressed how major issuers feel about arrangements in the home market. "With our listing in Tokyo and, shortly, on other foreign bourses, the question is why we have to pay fees to eight exchanges every time we do rights issues... What remaining relevance does a listing in Bremen or Hanover have for us today?"

Germany labours with an underdeveloped equity culture. Only 0.5m German citizens own shares and the choice of domestic-listed shares is still highly restricted. More than 75 per cent of turnover is narrowly confined to the 30 DAX stocks.

Unification has proved any-

thing but a boost for equity diversity, with the bulk of the financing operation shouldered by an increasingly efficient bond market.

While Germany is supposed to be ideally poised to function as the fulcrum for east-west financing needs, it will be years before a meaningful number of eastern European companies can be groomed for listing.

All this increases the urgency for an efficient and well-supervised trading system as a primary tool for competing in the European arena.

The move from floor to screen, explosively controversial in most countries, has been complicated in Germany by regional interests. The 10 trading systems began operating in April this year. In September, about 13 per cent of DAX stock deals were effected via the screen, and, in an important show of confidence, the Bundesbank has just conducted its first gov-

ernment bond trade on Ibis.

But technological reform has already been immensely costly. While the Germans have long prided themselves on their speedy two-day settlement facility, the DWZ, in charge of computer services for Frankfurt, has won few other plaudits: Boss, the much-delayed order routing system, has cost over DM55m (\$20.7m) already, and this some DM15m. And the task of crafting EBS, the electronic system that in time will replace Ibis, has only just begun.

Meanwhile, the regions continue to invest in their own projects, placing a considerable burden on the resources of all but the largest market members.

Computerisation is also, controversially, redefining the role of the brokers. Fearing for their existence, the Kurzmakler, or official brokers, set up their own rival system, the principal virtue of which was to strengthen their hand in winning access to this - with the right to levy fixed commissions.

But that was a temporary victory. And they are awaiting anxiously the redrafting of the stock exchange law in Bonn this autumn in which their official, legally-defined status will be re-examined.

The independent brokers (Freimakler) are working on a more viable system. Midas, a quote-driven facility which claims to be better equipped than Ibis to capture cross-border business - although Ibis, still very much national in concept, has this month begun installing screens at German banks in London.

While EBS's future is not a political decision, most of the Länder - apart from Hesse, where Frankfurt is located - appear to think they should be influencing the structure of the Deutsche Börse. Holding company. When the prime minister of the Länder met in a conference at the end of this month, their task will be to weigh their own interests against those of a market peculiarly dependant on foreign investor participation.

Regional stocks may appropriately remain, at a reduced number of houses, in the regions. But there is a clear need for trading of the principal international stocks to be centralised. At all events the new holding company should not be allowed to constitute another forum for continuing old squabbles.

Katharine Campbell

National Freight places \$100m of long-term notes

By Simon London

NATIONAL Freight Corporation has become the latest UK company to replace short-term bank debt with a placement of securities with US institutional investors.

The company has placed \$100m of 10-year senior secured notes with a group of US insurance companies in a deal lead-managed by Goldman Sachs. The funds will be used to repay borrowings drawn under a \$200m committed multiple option facility (MOF) signed in early 1989.

The MOF carries an interest margin of 15 basis points over the London interbank offered rate, which is much lower than the company would have to pay on a new facility from UK banks. However, the MOF has

only two years to run.

Mr Trevor Larmann, finance director, said that the company wanted to change its core debt from short-term bank finance to long-term institutional funding, leaving bank lines of credit free for other purposes.

He added that the company had opted for a straight private placement rather than a semi-public debt under rule 144a of the US securities code, designed to ease access into the US debt market.

Borrowers under rule 144a are exempt from many US disclosure requirements, but generally require a credit rating rate, which is much lower than the company would have to pay on a new facility from UK banks. However, the MOF has

Swedish investors' group applauds bourse tax move

By Robert Taylor in Stockholm

THE SWEDISH government's decision to abolish the 1 per cent turnover tax on securities transactions could boost trading volume on the Stockholm bourse by between 25 and 50 per cent, according to Sweden's shareholders' association, Aktieförbundet.

The Ministry of Finance yesterday announced that the tax would be abolished from December 1. Aktieförbundet said the resulting increase in liquidity would be particularly helpful for smaller and medium-sized companies listed on the bourse.

It said the decision to abolish the tax, which is the first specific measure by Sweden's new coalition government, was a "victory for the credibility of

its growth policy". The tax raised an estimated SKr5.7bn (\$927m) in the 1990-1991 financial year, out of total central government revenue of SKr408bn.

The Stockholm bourse has strongly opposed the turnover tax since its introduction in 1984, arguing that it would have a disastrous impact on the working of the stock market by driving business abroad. Sweden had lost nearly half its share trading volume to foreign competitors as a result, said Mr Björn Karlén, head of the shareholders' association.

By last year around 45 per cent of all trading in Swedish shares took place overseas.

Matif in Italian contract move

THE MATIF, the Paris futures exchange, yesterday stepped up its battle with London to attract trading in derivatives on the Italian government market, writes Richard Waters.

It cut the settlement fee on its BTP contract from FF7.50 to FF3.50 (London charges 45p), and the initial margin required for trading in the contract. This has been halved to 1.5 per cent - the maximum price movement allowed in the contract before it is suspended. Life has an initial margin of 1 per cent.

The Matif said the moves were intended to encourage trading in the contract in Paris. Life has stolen a lead since the two markets launched similar contracts based on the Italian government bond market last month.

AIBD to extend TRAX to international equities

By Simon London

THE ASSOCIATION of International Bond Dealers, the trade association and regulatory body for the Eurobond market, is extending its TRAX trade matching and confirmation system to cover international equities.

The action follows moves by a group of fund managers, led by Fidelity Investments, to develop its own trade confirmation system for all types of securities.

The AIBD hopes to attract institutional investors into TRAX by widening the scope of the system from international bonds to include equities.

At first, TRAX will cover only Japanese and larger Euro-

pean equities. However, the AIBD said yesterday this could be extended on demand from users.

TRAX is linked to the Securities and Futures Authority and is already used by UK Eurobond firms to report trades, as required under UK law. The AIBD said fund managers and brokers could use TRAX to satisfy the same reporting requirements for equities, or as a full trade matching and confirmation system.

The AIBD system is also linked to Euroclear and Cede, the two main clearing and settlement houses for international bonds and equities.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS									
Thursday October 10 1991									
Index No.	Day's Change	Est. Earnings Yield (%)	Gross Div. Yield (%)	Net Div. Yield (%)	Index No.	Day's Change	Est. Earnings Yield (%)	Gross Div. Yield (%)	Net Div. Yield (%)
1 CAPITAL GOODS (182)	822.36	-0.1	9.49	5.90	13.13	29.93	827.58	832.90	837.90
2 Building Materials (23)	998.90	-0.1	7.56	6.24	17.40	40.19	997.41	1003.10	1003.14
3 Contracting, Construction (31)	1089.01	-0.1	8.39	6.69	15.93	45.06	1111.32	1124.14	1134.91
4 Electricals (11)	2562.44	-0.1	8.33	3.15	14.82	72.48	2602.86	2619.86	2619.86
5 Electronics (25)	1736.16	-0.1	11.03	5.49	11.46	47.55	1732.31	1742.66	1754.63
6 Engineering-Aerospace (8)	358.06	-0.1	15.54	7.20	7.77	16.48	359.49	363.65	367.93
7 Engineering-General (43)	487.74	-0.1	10.08	5.24	12.25	15.79	492.18	493.70	495.71
8 Metals and Metal Forming (9)	435.44	-0.1	13.11	8.34	8.04	17.48	446.94	450.14	451.07
9 Motors (12)	335.11	-0.1	9.11	7.19	14.34	14.65	338.05	341.50	344.25
10 Other Industrial Materials (20)	1601.48	-0.1	7.91	5.09	15.02	56.55	1610.37	1608.75	1615.02
11 Consumer Goods (189)	1539.17	-0.1	7.44	3.63	16.63	31.94	1545.83	1549.95	1554.78
12 Breweries and Distillers (22)	1796.28	-0.1	7.96	3.45	15.30	38.39	1799.58	1795.67	1794.06
13 Food Manufacturing (19)	1211.45	-0.1	9.36	4.13	13.19	26.32	1220.27	1227.02	1228.19
14 Food Retailing (17)	2469.93	-0.1	9.01	3.42	14.51	50.36	2465.34	2469.10	2474.90
15 Health and Household (22)	3668.69	-1.2	5.48	2.97	20.92	57.55	3733.60	3739.46	3749.19
16 Hotels and Leisure (24)	1310.15	-0.1	7.72	3.13	16.01	37.73	1324.85	1329.26	1337.49
17 Media (26)	1310.15	-0.1	7.72	3.13	16.01	37.73	1324.85	1329.26	1337.49
18 Packaging, Paper & Print (17)	761.01	-0.1	7.61	2.91	16.43	42.94	761.01	761.01	761.01
19 Stores (23)	983.25	-0.1	7.56	3.77	17.34	19.20	989.90	993.13	999.15
20 Textiles (9)	623.65	-0.1	7.41	4.99	17.11	15.16	626.95	627.17	628.33
21 Other Groups (109)	1288.14	-0.1	9.33	5.07	13.47	33.68	1292.76	1301.54	1303.27
22 Business Services (12)	1462.20	-0.1	6.30	4.95	17.90	48.39	1462.20	1462.20	1462.20
23 Chemicals (21)	1462.20	-0.1	6.30	4.95	17.90	48.39	1462.20	1462.20	1462.20
24 Conglomerates (10)	1462.20	-0.1	6.30	4.95	17.90	48.39	1462.20	1462.20	1462.20
25 Transport (13)	2349.14	-0.1	7.26	4.84	12.01	66.37	2354.62	2363.33	2376.39
26 Electricity (16)	1248.72	-0.1	14.07	3.21	9.27	27.17	1243.01	1254.56	1259.24
27 Telephone Network (1)	1462.20	-0.1	6.30	4.95	17.90	48.39	1462.20	1462.20	1462.20
28 Water (10)	2422.36	-0.1	16.86	6.35	6.56	118.37	2429.13	2487.92	2505.82
29 Miscellaneous (23)	1048.29	-0.1	5.35	5.33	25.91	69.66	1048.29	1048.29	1048.29
30 INDUSTRIAL GROUP (480)	1283.49	-0.1	8.45	4.52	14.75	33.31	1289.22	1295.34	1296.08
31 OIL & GAS (20)	2424.46	-0.1	10.77	5.73	12.27	92.91	2441.82	2450.29	2471.75
32 500 SHARE INDEX (500)	131.20	-0.5	8.74	4.67	14.39	38.03	1387.92	1394.71	1394.71
33 FINANCIAL GROUP (91)	798.64	-0.5	5.86	5.86	30.50	802.58	813.08	812.28	812.28
34 Banks (9)	1469.83	-0.1	4.42	5.65	62.81	36.29	1469.83	1469.83	1469.83
35 Insurance (Life) (7)	1469.83	-0.1	4.42	5.65	62.81	36.29	1469.83	1469.83	1469.83
36 Insurance (Compulsory) (6)	607.01	-0.2	7.23	7.23	28.25	608.04	617.31	614.60	614.60
37 Insurance (Broker) (9)	1127.39	-0.1	7.29	6.01	17.97	42.45	1131.92	1135.16	1137.01
38 Property (36)	973.80	-0.2	4.46	4.46	12.01	50.82	974.12	980.28	980.28
39 Merchant Banks (7)	299.38	-1.2	6.02	5.14	23.50	23.01	298.99	294.83	296.30
40 Other Financial (17)	299.38	-1.2	6.02	5.14	23.50	23.01	298.99	294.83	296.30
41 Investment Trusts (70)	1238.49	-0.7	3.49	3.49	26.66	1247.24	1249.00	1249.51	1249.51
42 ALL-SHARE INDEX (641)	1241.04	-0.5	4.79	4.79	35.71	1247.10	1254.40	1253.92	1254.03
FT-SE 100 SHARE INDEX	2570.81	-13.1	2574.01	2584.11	2599.51	2596.21	2624.61	2625.61	2626.21

FIXED INTEREST									
AVERAGE GROSS REDEMPTION YIELDS									
PRICE INDICES	Thu Oct 10	Day's Change	Wed Oct 9	Accrued Interest	Yld to Date	Thu Oct 10	Wed Oct 9	Yld to Date	Year ago (approx.)
British Government	121.82	-0.05	121.88	1.67	9.67	8.74	8.60	10.78	
1 Up to 5 years (28)	121.82	-0.05	121.88	1.67	9.67	8.74	8.60	10.78	
2 5-15 years (19)	124.43	-0.31	124.85	2.12	10.57	9.51	9.49	10.78	
3 Over 15 years (9)	142.38	-0.26	142.74	1.77	10.60	9.61	9.62	11.28	
4 Irredeemables (8)	159.58	+0.03	159.54	3.80	8.83	9.61	9.58	11.20	
5 All stocks (70)	132.73	-0.21	133.01	1.97	10.38	9.66	9.63	11.55	
Index-Linked									
6 Up to 5 years (2)	166.08	+0.10	166.08	0.10	3.16	3.81	3.83	4.00	
7 Over 5 years (19)	148.90	+0.23	148.52	0.88	3.42	3.23	3.25	4.34	
8 All stocks (11)	150.10	+0.23	149.82	0.76	3.46	4.06	4.08	4.16	
9 Bills & Loans (60)	113.74	-0.80	114.66	2.04	8.33	11.28	11.17	13.99	
						15 years	11.11	10.74	
						25 years	10.95	10.84	

40 year index 2574.3; 9 am 2569.4; 10 am 2572.2; 11 am 2572.7; Noon 2577.4; 1 pm 2574.2; 2 pm 2574.2; 3 pm 2573.5; 4 pm 2567.

UK COMPANY NEWS

Recession puts bounce into Hi-Tec Sports

By Peggy Hollinger

RECESSION HAS been good for Hi-Tec Sports, Britain's leading sports shoe supplier, which yesterday unveiled a 10 per cent rise in interim profits as customers traded down from more expensive brands such as Nike and Reebok.

Despite difficult trading conditions, a wet summer, which normally dampens sales of sporting goods, and price cutting from competitors, pre-tax profits in the six months to July 31 rose to £3.74m (£3.41m). Mr Frank van Weel, chairman, said he was pleased with the group's steady progress, particularly given the unhelpful UK trading environment.

Sales improved to £64.3m, compared to £55.3m last time. North America - in which the group invested heavily two years ago - was beginning to show a return, with sales rising 40 per cent in dollar terms.

Japan, which showed a substantial increase last year, had been disappointing as distributors sought to shed stock. European sales, however, continued to rise.

The sports clothing division - Bad Boys - broke even, as opposed to a marginal loss in the first half of 1990. However,

the business has a heavy seasonal bias toward the second half.

Earnings per share rose to 6.87p (5.98p) and the interim dividend is 1.66p (1.5p).

COMMENT

Hi-Tec may have come in marginally below expectations, but few would quibble with its overall performance. The strategy of diversifying out of the UK and also broadening the product mix to include sports clothing appears to be paying off. Europe provides great potential and Hi-Tec's mid-price products will be a big advantage in the hungry eastern European market. This said, expansion is going to cost money and Hi-Tec's seasonally biased gearing is expected to be higher at the year-end than 1990's 70 per cent. It looks like the only way to fund future expansion will be a rights issue - also a convenient way to dilute the chairman's 70 per cent holding. Analysts are holding full-year forecasts at £9.5m, reserving the option to revise upward when clearer details on Bad Boys emerge.

The prospective p/e is a respectable 11.5, although the historic yield is less attractive at 4 per cent.

Temple dictates new catechism for born-again IBM

The computer company's UK general manager tells Alan Cane about his attempts to change a culture



Nick Temple: none of this is easy or done without damage

THE PAST six months have seen the corporate culture within the UK subsidiary of International Business Machines, the world's largest computer manufacturer, shaken to the core as drastic measures to improve efficiency and effectiveness have been put in train.

They include:

- The loss of up to 1,700 marketing jobs by the end of 1991, almost twice the number expected only five months ago.
- New stress on a pay incentive scheme which depends on customers' opinions.
- A futuristic plan to manage individuals' workload through a computerised control system.

There is scarcely an IBM employee at any level who does not already feel affected by the changes, certainly the most radical the company has ever undertaken.

IBM as a whole is going through a corporate transformation as it fights to come to terms with increased competition, declining profit margins and overweight bureaucracy, but the scale and depth of what is happening at IBM UK goes far beyond the general reorganisation.

Mr Nick Temple, IBM UK's general manager who was appointed last December to take responsibility for planning and overseeing the shake-up in the UK, describes it as "a renaissance; a rebirth of the local company".

The worldwide computer

industry is in serious trouble through a combination of fierce price competition, resistance on the part of customers to further investment in new technology, and the emergence of low-cost standard systems, all of which have served to slash profit margins. IBM UK, with sales of £4.3bn in 1990, has been further hit by the UK recession. Profits in 1990 were £420m, a decline of 8 per cent compared with 1989.

At the beginning of the year his mission was to create the blueprint for a lean, flexible organisation able to respond to

its customers' requirements quickly and effectively.

The "Temple Plan", unveiled in May, was scheduled to run through to the end of 1993, but progress has been more rapid than expected. "We may do it in half the time," Mr Temple says, suggesting that the transformation will be essentially complete by the middle of next year.

It has involved a powerful attack on expenses - across the board there should be a reduction of about 8 per cent. More fundamental however, have been measures which involve changing not only the company's business methods but also people's jobs, careers and ideas.

Essentially the company is moving from a branch structure, where a general sales force sells computer systems to a range of businesses, to an industry sector structure where specialist sales teams bring knowledge and experience to help customers solve computing problems.

The direct sales force is therefore being increased by 600 people to 5,300 to bring more IBM staff in contact with customers. The ratio of sales people to support staff used to be about one to one. By early 1992 it will be three to one.

A consultancy division, now 1,000 strong, has been created within the company through the redeployment of existing staff. Mr Temple's aim is to increase the strength of the

division to 2,000. It has meant major changes of direction for many staff. "None of this is easy or done without damage inside the company," he says.

Virtually all the company's business processes have been redesigned from scratch, with the accent on quality. The amount of administration involved in, say, processing order backlogs will be halved by 1992. Mr Temple says he is looking for "24-hour response", a metaphor for the reaction customers expect from a small company but not a multinational corporation.

Office space is being rationalised as the company shrinks; leases are not being renewed and the concept of "smart" offices with intelligent telephone systems is being introduced. Staff will no longer "own" desks; they will log-on to the system in whichever office they happen to be working and the computer will direct their mail and messages to that desk.

Mr Temple has a series of criteria for measuring the success of the renaissance of IBM UK.

- A computer model of the company will show how successfully resources are being deployed and the extent to which overheads are being reduced.
- An accreditation process is being developed which will measure the level and variety of skills IBM staff achieve. The information will be held

on a computer database, making it simple to see how the mix of skills within the company is changing.

Opinion surveys are regularly being carried out throughout the company to measure whether the corporate culture is changing fast enough.

IBM employees have a strong corporate culture embedded in the high profit margins and technology-driven attitudes that characterised business in the 1980s. This culture has proved difficult to alter.

Quality is being measured both against US standards and customer opinion.

IBM's customers are canvassed twice yearly to establish their level of satisfaction with the company's products and services. The analysis gives a number on a scale of satisfaction. If it moves in the right direction, every IBM employee from chairman to security staff receives a pay rise between 1 and 3 per cent.

The final, acid test is business performance as measured by sales and pre-tax profits.

Even with cost-cutting measures in place, it is going to be hard for IBM to show much improvement before 1992. Mr Temple is optimistic, although he does not believe the high growth of the 1980s will return.

Orders are picking up, he says, in the key banking, retailing and manufacturing sectors.

Prudential moves to strengthen US subsidiary

By Richard Lapper

PRUDENTIAL Corporation, the life insurer and financial services company, said yesterday that concern about the financial health of the US life insurance industry had led it to strengthen the capital base of its Jackson National arm.

Mr Michael Lawrence, group finance director, insisted, however, that Jackson itself was adequately capitalised and would retain a high rating from AM Best, the credit rating agency.

Jackson has reduced its holdings of junk bonds from more than 20 per cent a year ago to less than 10 per cent of total assets. It has no property investments, Mr Lawrence said. "We believe Jackson is in very good shape."

Prudential made the cash injection on September 27, funding it initially from its commercial paper programme. Details were released yesterday when it announced the launch of a \$300m (£174m) 10-year eurobond issue, proceeds from which will be given to Jackson, increasing capital and surplus at the Michigan-based life

insurer to \$370m, a rise of 73 per cent since last December.

Prudential injected a further \$100m in Jackson last year. Jackson's capital base amounted to between 5 and 6 per cent of its liabilities, added Mr Lawrence.

Mr Lawrence explained that the money would be invested in high grade corporate securities, the proceeds from which would be used to help service the eurobond.

There is increasing concern among rating agencies, intermediaries and regulators about the financial health of US life insurers, following the difficulties of a number of companies this year, including Mutual Benefit Life and Executive Life.

Mr David Nisbet, analyst with County NatWest said: "Prudential's argument is that a number of intermediaries are worried about defaults in the life sector and that there is a flight to quality as a result. By increasing capital at Jackson it hopes to benefit from this trend and increase market share."

Greencore appoints new chief executive

By Tim Coone

Mr Gerard Murphy, 35, has been appointed as the new chief executive of Greencore, the Dublin-based sugar and food group.

He replaces Mr Chris Comerford who resigned last month amid a row over a controversial share deal within the company.

Mr Murphy is currently the managing director of Pillsbury Brand Development (Europe), a subsidiary of Grand Metropolitan, and was part of the team that led GrandMet's \$8bn acquisition of the Minneapolis-based Pillsbury food company in 1988. He established Pillsbury in Europe last year, after playing a main role in reshaping the US acquisition.

Four separate government inquiries are now investigating Greencore's affairs and the allegations of malpractice which led to Mr Comerford's resignation. Mr Bernie Cahill, group chairman, recently faced calls for his resignation from shareholders and opposition politicians for his handling of the controversy.

Transfer Technology advances 58%

By Bronwen Maddox

IMPROVED productivity in its automotive businesses helped Transfer Technology Group, the Birmingham-based engineering group formerly known as Central & Sheerwood, lift interim pre-tax profits by 58 per cent.

Mr Geoffrey Robinson, who replaced the publisher Mr Robert Maxwell as chairman in May, described the results as "satisfactory" given "severe pressure" on prices.

The profit of £2.13m (£1.35m) was achieved on a 13 per cent improvement in turnover to £29.8m (£26.5m) in the six months to end-June.

The advance came from EC sales, which account for 70 per cent of automotive turnover, on the back of growth in the lower end of the car market.

In deals in May costing £8.1m in shares and £1.75m in cash, the group bought Mr Robinson's control systems company, now called Trans-tech, and two companies controlled by Mr Maxwell which make rubber seals and metal detectors for the food and pharmaceutical industries.

Following the deals, Mr Robinson holds a 28.1 per cent stake, and Mr Maxwell controls a 27.2 per cent stake.

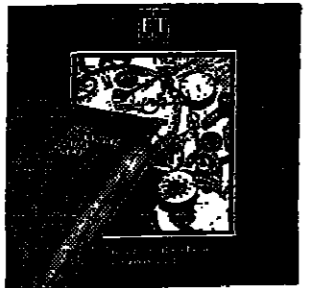
A fall in the tax charge from 30 per cent to 25 per cent lifted earnings to 0.39p (0.27p), allowing a 25 per cent increase in the interim dividend to 0.125p (0.1p).

However, earnings were calculated only on the average of 400m shares while since May there have been 620m in issue.

In June the company had no debt. Since then it has spent £3m cash on three acquisitions - in aerospace manufacturing systems, circuit board manufacturing and packaging and printing machinery.

It expects to have "negligible debt" again by the year-end.

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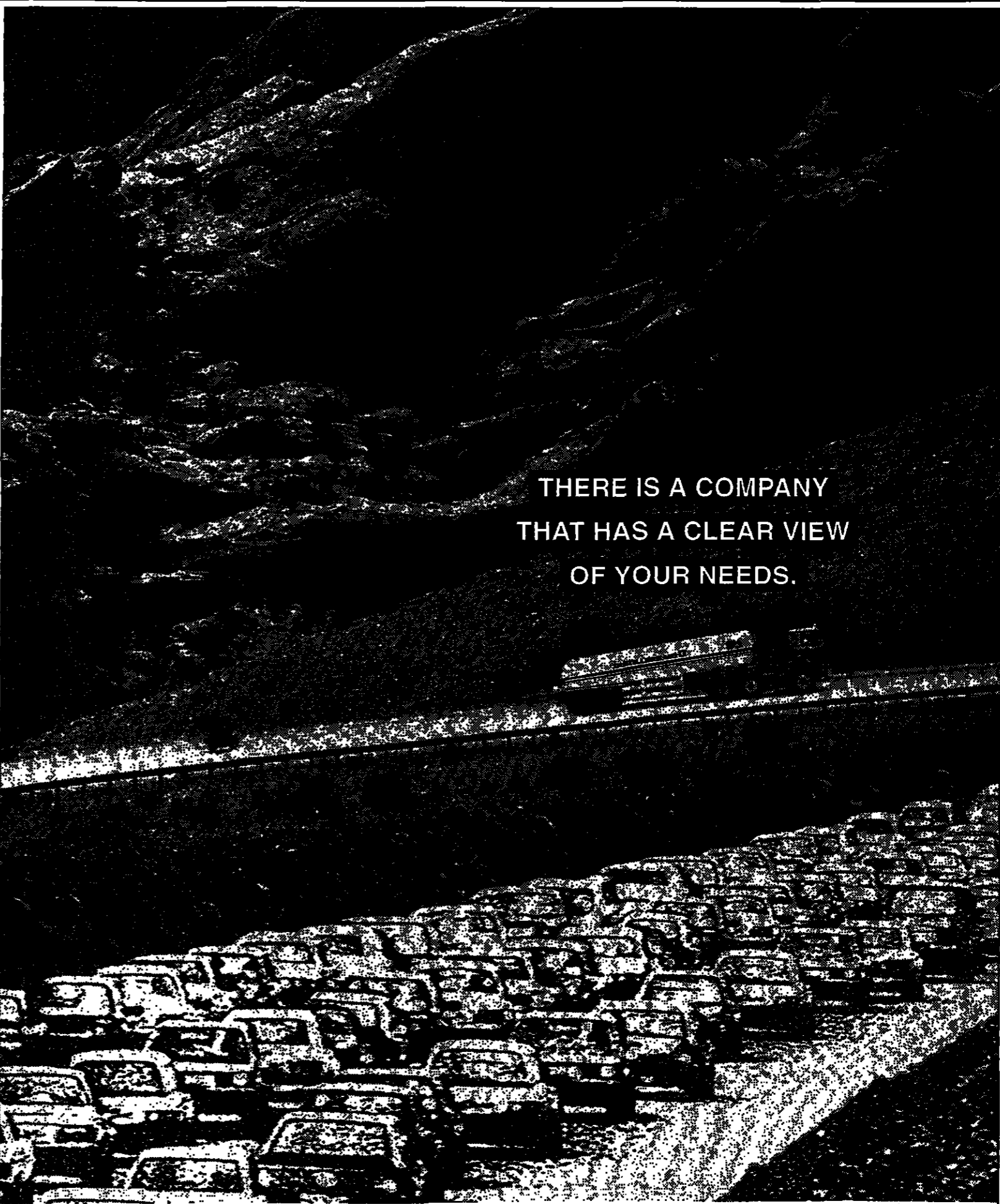
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COMMODITIES AND AGRICULTURE

Codelco launches mining investment drive in Chile

By Lesley Crawford in Santiago

Codelco, the Chilean state copper corporation, has launched a major investment drive to develop new ore bodies and counter declining production at its existing mines.

Beginning in 1992, the world's biggest copper company plans to invest over \$450m a year, rising to \$600m after 1994, in developing new ore bodies, prospecting for new mines and reducing the noxious sulphurous emissions from its refineries. This compares to an annual investment budget of less than \$300m in 1990 and 1991.

"For the past 20 years we have exploited important reserves without replacing them in quantity or quality," Mr. Maximiliano Pacheco, Codelco's director of operations, told a recent meeting of contractors.

Mr. Alejandro Noemi, Codelco's president, forecast that output would fall by 50,000 tonnes in 1992 to total 1.1m tonnes of fine copper.

Production peaked at 1.24m tonnes in 1989, when it supplied about 15 per cent of the world's copper.

The company's plans to reverse the trend of falling output and rising costs at its ageing mines centre on the development of Mansa Mina, a huge ore body discovered this year conveniently close to Chuquibambilla, the world's biggest copper mine.

It will cost \$271m to bring Mansa Mina into production. Codelco will begin stripping the sterile rock next year.

Output, initially estimated at 80,000 tonnes per year, is expected to begin in the mid-1990s. The ore will be treated at Chuquibambilla's smelters.

At Chuquibambilla itself, over \$100m will be spent in a sulphuric acid plant to trap toxic gases that are the worst environmental hazard in the region. The plant will stretch for miles across the Atacama Desert.

There are also plans to expand production at Andina, Codelco's third-biggest division high up in the Andes. Its current annual production stands at about 119,000 tonnes.

The company's executives are eagerly awaiting Congress-

sional approval of a new law that will allow Codelco to form joint ventures with Chilean or foreign companies.

Codelco owns about one-third of the mining property in Chile. Only a fraction of this is under exploitation and the company lacks the resources to tap its mineral wealth on its own. The law is expected to be approved before the end of this year.

The size of Codelco's investment budget must be approved by the Chilean Treasury. It is a politically sensitive matter because the government draws one quarter of its income from Codelco's profits.

As a result, the expansion drive is likely to be financed through foreign credits and depreciation reserves, rather than ploughing back profits.

Apart from exploiting new copper deposits, Mr. Pacheco said Codelco would be developing new lines of business: mining metals other than copper, producing finished copper products, and providing mining and engineering consultancy services abroad.

Ecuador's oil imperative and the Amazon

Sarita Kendall on the battle to preserve dwindling rain forests and Indian rights

Brief case in hand, the president of Ecuador's Amazon Indian Confederation bends over a sapling and examines it. Then he waves at the shoulder-high grass planted to provide shade for the young trees and says: "It's very dense, some of those may not grow. But, look, the balsa trees are coming back anyway."

The site of the exploration well drilled by British Gas has been reforested and already looks green from the air although it will be some time before it becomes indistinguishable from the surrounding forest. There is no road to the site so most of the area has remained undisturbed — unlike the ravaged landscape of the northern Ecuadorian Amazon.

At the Ashuar Indian village nearest the British Gas well the chief speaks of the noise of helicopters saying that it sent the animals fleeing into the forest. Beside him, an old woman talk non-stop in the Ashuar language and gestured furiously, as if to shoo the white invaders away.

The chief says that he had seen the polluted streams, the roads and the destruction of the forest in the north around Lago Agrio. He does not want the oil companies coming in to his area.

A group of women from the same village, standing apart, disagree, however. One says: "The companies bring work. There's no other way to earn money here, for buying clothes and saucers and things." This division of opinion is not untypical and many Indian communities are at odds with the organisations which represent them.

Although British Gas has found oil, it is still in the exploration stage and is currently looking for a partner to replace the French company Total, which withdrew from the consortium.

"The quality and quantity of oil may not be exactly what we'd like, but we could do it with minimum damage," said Mr D. Wiman, British Gas's manager in Quito.

As far as the Ecuadorian government is concerned, the decision on whether to develop oilfields or not is a commercial one — the country needs to boost oil income, which currently provides about half of export earnings. To it, neither Indian lands nor ecological reserves are sacrosanct.

With this context the Amazon Indian Confederation is fighting for land titles so that increasing settlers cannot usurp Indian rights and also for the preservation of their forest environment.

Many Indian communities are prepared to negotiate over oil and the Confederation is discussing a list of demands with the government.

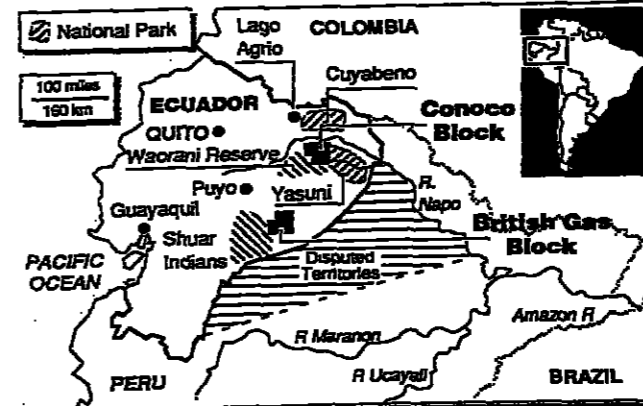
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Map of Ecuador showing the Amazon region, including the Waorani Reserve, Lago Agrio, and the border with Peru and Brazil.

of Petroecuador's environmental unit.

One is the creation of a special committee, with both Indian and oil company representatives on it, to screen all activities in the Waorani area. The other is the decision to demarcate Waorani territory as quickly as possible — a process which had been held up by lack of funds and the arrest of foreign environmentalists working on the scheme by the Ecuadorian military.

The Waorani case is particularly urgent, because oil companies are due to start developing heavy crude reserves in their territory. But although Conoco's development plan was recently given government approval after a very long delay, an oil industry informant says that the company may not go ahead after all.

South west of the Waorani, Arco have found oil in an area inhabited by combative Indians who have led protests against the foreign companies.

"The Indians want a share in the decisions on oil, to know what the plans are. This is understandable and possible," says Mr Manuel Navarro, head

of Petroecuador's environmental unit.

While Petroecuador has made some progress on the Indian issue, foreign experts are very critical of the state company's operating practices. Despite an avalanche of new environmental regulations, oil leaks are left too long and clearing up is haphazard. Instead of testing a well's pressure in tanks, the oil is split out into unnecessarily large pits which overflow if it rains heavily.

Mr Luis Roman, Petroecuador's manager, is sceptical about regulations, anyway. He says: "They're easy to establish — our problem is the engineer and making people observe the rules. And if the rules are to work there must be penalties. We have to motivate and train our people, turn them all into ecologists."

Much of the attractive acreage in Ecuador has already been taken by oil companies or is to be signed up shortly. But the exploration process is by no means slowing down, according to Mr Roman.

"Companies are going back to old areas, re-investing and using new seismic techniques.

Ecuador is competitive. As long as it's profitable the companies will come."

The development phase will be the real test of the foreign companies' commitment to environmental protection. Exploration by helicopter, leaves few scars if carefully managed, but development usually involves roads, pipelines, production facilities and a permanent presence.

Roads create the most damage. In co-operation with the government, is planning very strict controls to prevent the normal influx of lumber companies and peasant farmers. Douglas McMeekin, who runs DTM environmental consultants, is convinced that a lot can be done to minimise impact.

"You have to look for solutions and take into account the economy of the country. There have been significant advances — for example, reducing a drilling stream 6 or 7 hectares to 2 hectares, so less forest is cleared."

The companies argue that all deposits will be developed anyway, and that environmentally-conscious multinationals can do the job best.

British Gas could develop its reserves without building a road, suggests Mr Wiman, and bury the connecting pipeline. In this way, longer term damage caused by forest clearing and permanent settlement would be avoided.

Although the new wave of development can hardly be as destructive as the northern Amazon legacy left by Texaco and its partners (including the state oil company), it will, too late for Ecuador, to save its remaining rainforests if mistakes are made now.

US sugar quotas cut by 34%

By Nancy Dunne in Washington

The US Agriculture Department, under pressure from the domestic sugar lobby, has slashed sugar import quotas just as world production is set to hit record high levels.

The 1991-92 US sugar quota, announced at the end of last month, declined by 34 per cent to 1,385m tonnes.

Global sugar output is forecast this year at 113.2m tonnes, outpacing consumption and leading to an increase in world stocks, according to a USDA report released this week.

US production will break no records but it is well up from the Department's June estimate.

Cane sugar production is forecast at 3.45m short tonnes, a "significant upturn," the Department said, as a result of

a rebound in Louisiana's industry and a near record crop in Florida. Beet sugar output will rise modestly to 3.93m short tonnes.

The Department's new sugar quota was greeted with satisfaction by most US growers, although they are still grumbling that last year's quota depressed domestic prices.

It was suddenly raised in November by 400,000 tonnes, a move by the USDA which set off a steady drop in prices. Prices fell from 23 cents a pound in the first quarter, to 21.3 cents in the third.

In the end, the entire quota was not even filled. Twenty-nine of the 38 foreign producers failed to take full advantage of their US quotas shares.

The quotas fell 5 per cent — or 106,000 short tonnes — short of being filled. This, domestic producers say, is one of the largest shortfalls on record.

US opening stocks for fiscal 1991-92 are also below estimate. They are forecast at 1.62m tonnes, down 8 per cent from the June estimate. They were off, the USDA said, because 1990-91 production was lower than originally estimated and foreign supplies were less.

Meanwhile, world consumption will fall short of production and stocks will build again for the second year in a row. According to USDA, production increases in the US, Brazil, Turkey, China and India will more than offset significant reductions in Cuba, the EC, Sweden and Australia.

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Downward pressures on coffee foreseen

By David Blackwell

THE WORLD'S coffee markets, already near 18-year lows, could face further downward pressure, according to the latest coffee report from B.D. & F. Man, the London trade house.

It points out that at the end of last month speculators were nearly 7,000 lots long on coffee in New York.

This was after prices had fallen by some 10 cents a lb as rain arrived in Brazil and producer proposals for an export retention scheme had collapsed

at the International Coffee Organisation talks.

Mild coffee harvests are expected to be large in 1991-92, with Colombia at 15m to 16m bags (60kgs each) and Mexico at 5m bags plus.

More than two-thirds of washed arabica production is available for export between October and March.

"Because of a general lack of financing, it will be extremely difficult to hold back sales," says the report.

Consumer stocks of green coffee have fallen over the summer, but remain high at 17.2m bags.

"Few trade houses have the capacity to absorb and carry more new crop coffee," B.D. & F. Man comments.

In addition recent exports from Brazil have been high. The recent devaluation of the cruzeiro has made Brazilian prices even more attractive in the international market, says Man.

Puerto Rico seeks tuna exclusion from Mexican pact

By Canute James

MR. ANTONIO Colorado, secretary of state for Puerto Rico, has asked the US government to exclude tuna from any agreement for Mexico to join the North America Free Trade Area.

"Extension to Mexico of the benefit of duty free treatment (for tuna) could place Mexico at a considerable competitive advantage over Puerto Rico," Mr Colorado has told the US government.

The Puerto Rican tuna industry, not been heartened by the recent ruling by a disputes panel of the General Agreement on Tariffs and Trade (GATT), that a US ban on tuna imports from Mexico violates trade rules.

Puerto Rican officials admit privately that packing plants against the tide of trade liberalisation spurred the NAFTA and the deregulation of global

trade. But Mr Colorado's appeal reflects increasing concern that the island's tuna industry, once the main supplier to the US market, may soon be irretrievably damaged by competition.

A combination of more cost efficient production in southeast Asia, growing environmental concern about a threat to dolphins by tuna fishermen, and changing tastes in the United States, put an increasing strain on Puerto Rican tuna fishing.

The industry, at its peak, supplied about a half of the US demand for canned tuna with employment earnings of about \$600m per year.

In recent years Asian investors have bought out several plants and packing plants. Plant closures followed as many facilities were relocated in south-east Asia.

Bumble Bee Seafoods, which was purchased by the UNI Group of Bangkok, has moved some operations to Thailand.

VCS National Packing Company was bought out by PT Manurung of Indonesia, has moved to American Samoa and Indonesia. Two other tuna operations are owned by Mitsubishi and Mitsui of Japan.

Most of the tuna canned in Puerto Rico is from the eastern Pacific where the skipjack and yellowfin tuna swim with dolphins.

The tuna packing industry developed in Puerto Rico in the 1960s, attracted by low wage rates and tax incentives for the companies.

The island soon replaced California as the major source for the US market. Now it appears that Puerto Rico is suffering a similar fate.

and Thailand are about 20 per cent of those in the Puerto Rico.

In addition to seeking the levying of an import duty on Mexican tuna, the Puerto Rican administration has been attempting to get higher duties on tuna imported from the Asian countries.

Puerto Rican tuna is in the main packed in oil, which carried higher import duties than that packed in water. But a change in consumer tastes bought on by health considerations, has seen increasing demand for tuna packed in water which now accounts for 80 per cent of US consumption.

Environmental concern over dolphins has also damaged the Puerto Rican tuna industry. Most of the tuna canned in Puerto Rico is from the eastern Pacific where the skipjack and yellowfin tuna swim with dolphins.

The appeal for higher duties on tuna imported by the US from Puerto Rico's competitors is unlikely to be entertained by the US government.

At the same time, with the "dolphin issue" still raging, tuna from the fishing grounds from which the Puerto Rican companies have been traditionally supplied will not find an enthusiastic market.

WORLD COMMODITIES PRICES

MARKET REPORT

Gold consolidated recent gains in London yesterday while awaiting further news on Soviet gold reserves. But the market again failed to breach \$360 a troy ounce, seen as a key resistance level. Some dealers expect a statement from the Soviet delegation in Bangkok for the IMF meeting. The delegation is believed to include economist Grigory Yavinsky, who has said Soviet reserves will total only 240 tonnes in January 1992. Platinum was up sharply for the second following the overnight rise on Nymex which analysts attributed to talk about the size of Soviet platinum holdings. By midday on Nymex yesterday platinum futures

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)

Dubai

Brent Blend (distant)

WTI (1st oil)

WTI (2nd oil)

WTI (3rd oil)

WTI (4th oil)

WTI (5th oil)

WTI (6th oil)

WTI (7th oil)

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WTI (27th oil)

WTI (28th oil)

were ahead, but off 10-week highs posted in early trading. On the LME aluminium edged ahead, although holding in a narrow range as the market attempted to stabilise after a week of fluctuations. Traders said it was helped by IPI data showing total stocks down 14,000 tonnes against forecasts of a rise of up to 50,000 tonnes. Some sizeable consumer demand was said to have been attracted by recent low levels and this may have put a floor on the market for the time being, traders said. But they did not see any significant rally in prices, given the high level of LME and producer stocks.

Compiled from Reuters

COCAINE - London FOEX

Close Previous High/Low

Dec 784 785 788 774

Mar 824 825 828 814

May 844 845 848 834

Jul 864 865 868 854

Sep 884 885 888 874

Nov 904 905 908 894

Jan 924 925 928 914

Mar 944 945 948 934

May 964 965 968 954

Jul 984 985 988 974

Sep 1004 1005 1008 994

Nov 1024 1025 1028 1014

Jan 1044 1045 1048 1034

Mar 1064 1065 1068 1054

May 1084 1085 1088 1074

Jul 1104 1105 1108 1094

Sep 1124 1125 1128 1114

Nov 1144 1145 1148 1134

Jan 1164 1165 1168 1154

Mar 1184 1185 1188 1174

May 1204 1205 1208 1194

Jul 1224 1225 1228 1214

Sep 1244 1245 1248 1234

Nov 1264 1265 1268 1254

Jan 1284 1285 1288 1274

Mar 1304 1305 1308 1294

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May 964 965 968 954

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Sep 1004 1005 1008 994

Nov 1024 1025 1028 1014

Jan 1044 1045 1048 1034

Mar 1064 1065 1068 1054

May 1084 1085 1088 1074

Jul 1104 1105 1108 1094

Sep 1124 1125 1128 1114

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LONDON STOCK EXCHANGE

Rights issue problems worry equities

By Terry Byland, UK Stock Market Editor

THE DANGER that £1bn worth of rights issue shares may be left with the trading book of untraded underwriters provided a further negative factor yesterday for a London stock market already clouded by this week's political uncertainties. A steadier performance by sterling did little to offset the City's disappointment with progress at the annual conference of the UK's governing Conservative party, hopes of an early cut in base rates continued to fade.

Once again, London closed above the day's low as Wall Street started the new session without any immediate mishap. But trading volume increased in the UK market as share prices fell.

Privatisation stocks were unsettled by aggressive propos-

reinforced by two selling programmes, one of substantial size, by a leading UK securities house. The Footsie dipped by 16 points before rallying successfully, recovering about two thirds of its loss as the earlier selling programme was apparently completed.

The sellers came back, however, as traders evidently decided to abandon hope for the current trading account which ended tonight. Hit by the second sell programme, the market fell to a new low for the day before steadying in late trading. The final reading showed the FT-SE Index at 2,570.8 for a decline of 13.3 on the day.

Yesterday's fall in the equity market represented a consolidation of bearish attitudes rather than a development of

fresh views, according to market strategists. This week has brought a heavy setback in share prices as nervousness over the political standing of the Conservative government of Mr John Major has filtered through to equities from the foreign exchange markets.

Turnover, as measured by the network, increased to 335.3m shares yesterday, compared with 438.5m on Wednesday. Traders said some sizeable lines of stock have been offered around the market, and expressed concern that turnover should be rising when share prices were on the retreat. This week has brought fears of a correction across the range of equities.

In particular, there was some worry over the weight of rights issue shares which now

threaten the underwriters. British Aerospace remained below the price of its £482m rights issue, and Hillsdown struggled to hold on to the pricing level for its £281m issue; Asda is now only a few pence above its £357m rights price.

A senior dealer at a US house commented: "It looks as if the institutions are going to end up wearing these rights issues." In addition, the heavy falls in both British Aerospace and Asda have taken their toll. However, UK equity strategists are still relatively optimistic for the equity market over the medium term. The economics team at Kleinwort Benson Securities, the London merchant bank and securities trader, commented yesterday that economic recovery appears to be on course.

FINANCIAL TIMES STOCK INDICES

	Oct 10	Oct 9	Oct 8	Oct 7	Oct 6	Year	High	Low	Since Completion
Government Secs	88.58	88.76	87.12	87.32	87.28	79.97	87.94	82.17	49.18
Fixed Interest	88.58	88.63	87.02	87.01	87.07	86.99	87.17	80.59	50.53
Ordinary Share	1956.4	1975.7	1991.8	1999.7	2018.7	1922.0	2108.3	1606.3	2108.3
Gold Mines	167.1	167.3	167.2	166.5	161.2	170.9	222.8	127.0	45.5
FT-SE 100 Share	2570.8	2584.1	2599.5	2596.2	2624.6	2100.4	2670.8	2054.8	2570.8
FT-SE Eurotrack 200	1150.98	1154.07	1150.51	1159.78	1170.14	-	1198.00	1036.62	1036.62
FT-SE 100 Index	2570.8	2584.1	2599.5	2596.2	2624.6	2100.4	2670.8	2054.8	2570.8

	Oct 9	Oct 8
Ord. Div. Yield	4.74	4.70
Earning Yield (%)	7.55	7.49
P/E Ratio (Net)	16.53	16.52
SEAD Bargain 4.45pm	30.011	28.797
Equity Turnover (m)	335.3	438.5
Equity Bargain	27,600	28,438
Share Traded (m)	391.0	304.0

GILT EDGED ACTIVITY

	Oct 9	Oct 8
Gilt Edged	109.2	89.8
Bargains	109.2	89.8
5-Day average	86.7	80.8

*SE Activity 1974, Excluding intra-market business & Overseas turnover.

London report and latest share index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

Value	Change	Value	Change	Value	Change	Value	Change	Value	Change
Admiral	1,000	100	1,000	100	1,000	100	1,000	100	1,000
Admiral	1,000	100	1,000	100	1,000	100	1,000	100	1,000
Admiral	1,000	100	1,000	100	1,000	100	1,000	100	1,000
Admiral	1,000	100	1,000	100	1,000	100	1,000	100	1,000
Admiral	1,000	100	1,000	100	1,000	100	1,000	100	1,000
Admiral	1,000	100	1,000	100	1,000	100	1,000	100	1,000
Admiral	1,000	100	1,000	100	1,000	100	1,000	100	1,000
Admiral	1,000	100	1,000	100	1,000	100	1,000	100	1,000
Admiral	1,000	100	1,000	100	1,000	100	1,000	100	1,000
Admiral	1,000	100	1,000	100	1,000	100	1,000	100	1,000

Based on the trading volume for a selection of Alpha securities dealt through the SEAD system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

VOLATILITY in stock index futures faded as the December Footsie contract traded in a narrow band around its estimated fair value, writes Peter John.

Observers said the underlying cash market had found an acceptable level and the futures were not attempting to lead it in any direction. They added that there was sufficient liquidity in the cash market to enable dealers to arbitrage their positions and avoid the heavy premiums that were built up around the June and September contracts.

December saw steady business and closed at 2,617, a premium to cash of 45 points, against the estimated fair value premium of around 42.

Turnover in the ITOX was boosted to an acceptable 33,000 lots by heavy trades in individual stock options. Sheppards dealt 5,000 Amstrad lots, equivalent to 5m shares in the underlying market, on behalf of one client wanting to roll over exposure from December to March. The house bought 1,000 of the December 60 puts at 25 and sold 2,000 March 45 straddles (calls and puts) at 14.

Sheppards carried out a similar trade in Asia which represented 1,850 contracts. British Gas, subject to fears of increased competition, was also active.

LONDON SHARE SERVICE

BRITISH FUNDS

1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	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LONDON SHARE SERVICE

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AMERICANS										
1991	Stock	Price	1991	Stock	Price	1991	Stock	Price	1991	
100	Alcoa Inc.	10.50	101	Boeing Co.	10.50	102	General Electric	10.50	103	IBM Corp.
104	Alcoa Inc.	10.50	105	Boeing Co.	10.50	106	General Electric	10.50	107	IBM Corp.
108	Alcoa Inc.	10.50	109	Boeing Co.	10.50	110	General Electric	10.50	111	IBM Corp.
112	Alcoa Inc.	10.50	113	Boeing Co.	10.50	114	General Electric	10.50	115	IBM Corp.
117	Alcoa Inc.	10.50	118	Boeing Co.	10.50	119	General Electric	10.50	120	IBM Corp.
121	Alcoa Inc.	10.50	122	Boeing Co.	10.50	123	General Electric	10.50	124	IBM Corp.
127	Alcoa Inc.	10.50	128	Boeing Co.	10.50	129	General Electric	10.50	130	IBM Corp.
134	Alcoa Inc.	10.50	135	Boeing Co.	10.50	136	General Electric	10.50	137	IBM Corp.
140	Alcoa Inc.	10.50	141	Boeing Co.	10.50	142	General Electric	10.50	143	IBM Corp.
147	Alcoa Inc.	10.50	148	Boeing Co.	10.50	149	General Electric	10.50	150	IBM Corp.
154	Alcoa Inc.	10.50	155	Boeing Co.	10.50	156	General Electric	10.50	157	IBM Corp.
160	Alcoa Inc.	10.50	161	Boeing Co.	10.50	162	General Electric	10.50	163	IBM Corp.
167	Alcoa Inc.	10.50	168	Boeing Co.	10.50	169	General Electric	10.50	170	IBM Corp.
174	Alcoa Inc.	10.50	175	Boeing Co.	10.50	176	General Electric	10.50	177	IBM Corp.
180	Alcoa Inc.	10.50	181	Boeing Co.	10.50	182	General Electric	10.50	183	IBM Corp.
187	Alcoa Inc.	10.50	188	Boeing Co.	10.50	189	General Electric	10.50	190	IBM Corp.
194	Alcoa Inc.	10.50	195	Boeing Co.	10.50	196	General Electric	10.50	197	IBM Corp.
200	Alcoa Inc.	10.50	201	Boeing Co.	10.50	202	General Electric	10.50	203	IBM Corp.
207	Alcoa Inc.	10.50	208	Boeing Co.	10.50	209	General Electric	10.50	210	IBM Corp.
214	Alcoa Inc.	10.50	215	Boeing Co.	10.50	216	General Electric	10.50	217	IBM Corp.
220	Alcoa Inc.	10.50	221	Boeing Co.	10.50	222	General Electric	10.50	223	IBM Corp.
227	Alcoa Inc.	10.50	228	Boeing Co.	10.50	229	General Electric	10.50	230	IBM Corp.
234	Alcoa Inc.	10.50	235	Boeing Co.	10.50	236	General Electric	10.50	237	IBM Corp.
240	Alcoa Inc.	10.50	241	Boeing Co.	10.50	242	General Electric	10.50	243	IBM Corp.
247	Alcoa Inc.	10.50	248	Boeing Co.	10.50	249	General Electric	10.50	250	IBM Corp.
254	Alcoa Inc.	10.50	255	Boeing Co.	10.50	256	General Electric	10.50	257	IBM Corp.
260	Alcoa Inc.	10.50	261	Boeing Co.	10.50	262	General Electric	10.50	263	IBM Corp.
267	Alcoa Inc.	10.50	268	Boeing Co.	10.50	269	General Electric	10.50	270	IBM Corp.
274	Alcoa Inc.	10.50	275	Boeing Co.	10.50	276	General Electric	10.50	277	IBM Corp.
280	Alcoa Inc.	10.50	281	Boeing Co.	10.50	282	General Electric	10.50	283	IBM Corp.
287	Alcoa Inc.	10.50	288	Boeing Co.	10.50	289	General Electric	10.50	290	IBM Corp.
294	Alcoa Inc.	10.50	295	Boeing Co.	10.50	296	General Electric	10.50	297	IBM Corp.
300	Alcoa Inc.	10.50	301	Boeing Co.	10.50	302	General Electric	10.50	303	IBM Corp.
307	Alcoa Inc.	10.50	308	Boeing Co.	10.50	309	General Electric	10.50	310	IBM Corp.
314	Alcoa Inc.	10.50	315	Boeing Co.	10.50	316	General Electric	10.50	317	IBM Corp.
320	Alcoa Inc.	10.50	321	Boeing Co.	10.50	322	General Electric	10.50	323	IBM Corp.
327	Alcoa Inc.	10.50	328	Boeing Co.	10.50	329	General Electric	10.50	330	IBM Corp.
334	Alcoa Inc.	10.50	335	Boeing Co.	10.50	336	General Electric	10.50	337	IBM Corp.
340	Alcoa Inc.	10.50	341	Boeing Co.	10.50	342	General Electric	10.50	343	IBM Corp.
347	Alcoa Inc.	10.50	348	Boeing Co.	10.50	349	General Electric	10.50	350	IBM Corp.
354	Alcoa Inc.	10.50	355	Boeing Co.	10.50	356	General Electric	10.50	357	IBM Corp.
360	Alcoa Inc.	10.50	361	Boeing Co.	10.50	362	General Electric	10.50	363	IBM Corp.
367	Alcoa Inc.	10.50	368	Boeing Co.	10.50	369	General Electric	10.50	370	IBM Corp.
374	Alcoa Inc.	10.50	375	Boeing Co.	10.50	376	General Electric	10.50	377	IBM Corp.
380	Alcoa Inc.	10.50	381	Boeing Co.	10.50	382	General Electric	10.50	383	IBM Corp.
387	Alcoa Inc.	10.50	388	Boeing Co.	10.50	389	General Electric	10.50	390	IBM Corp.
394	Alcoa Inc.	10.50	395	Boeing Co.	10.50	396	General Electric	10.50	397	IBM Corp.
400	Alcoa Inc.	10.50	401	Boeing Co.	10.50	402	General Electric	10.50	403	IBM Corp.
407	Alcoa Inc.	10.50	408	Boeing Co.	10.50	409	General Electric	10.50	410	IBM Corp.
414	Alcoa Inc.	10.50	415	Boeing Co.	10.50	416	General Electric	10.50	417	IBM Corp.
420	Alcoa Inc.	10.50	421	Boeing Co.	10.50	422	General Electric	10.50	423	IBM Corp.
427	Alcoa Inc.	10.50	428	Boeing Co.	10.50	429	General Electric	10.50	430	IBM Corp.
434	Alcoa Inc.	10.50	435	Boeing Co.	10.50	436	General Electric	10.50	437	IBM Corp.
440	Alcoa Inc.	10.50	441	Boeing Co.	10.50	442	General Electric	10.50	443	IBM Corp.
447	Alcoa Inc.	10.50	448	Boeing Co.	10.50	449	General Electric	10.50	450	IBM Corp.
454	Alcoa Inc.	10.50	455	Boeing Co.	10.50	456	General Electric	10.50	457	IBM Corp.
460	Alcoa Inc.	10.50	461	Boeing Co.	10.50	462	General Electric	10.50	463	IBM Corp.
467	Alcoa Inc.	10.50	468	Boeing Co.	10.50	469	General Electric	10.50	470	IBM Corp.
474	Alcoa Inc.	10.50	475	Boeing Co.	10.50	476	General Electric	10.50	477	IBM Corp.
480	Alcoa Inc.	10.50	481	Boeing Co.	10.50	482	General Electric	10.50	483	IBM Corp.
487	Alcoa Inc.	10.50	488	Boeing Co.	10.50	489	General Electric	10.50	490	IBM Corp.
494	Alcoa Inc.	10.50	495	Boeing Co.	10.50	496	General Electric	10.50	497	IBM Corp.
500	Alcoa Inc.	10.50	501	Boeing Co.	10.50	502	General Electric	10.50	503	IBM Corp.
507	Alcoa Inc.	10.50	508	Boeing Co.	10.50	509	General Electric	10.50	510	IBM Corp.
514	Alcoa Inc.	10.50	515	Boeing Co.	10.50	516	General Electric	10.50	517	IBM Corp.
520	Alcoa Inc.	10.50	521	Boeing Co.	10.50	522	General Electric	10.50	523	IBM Corp.
527	Alcoa Inc.	10.50	528	Boeing Co.	10.50	529	General Electric	10.50	530	IBM Corp.
534	Alcoa Inc.	10.50	535	Boeing Co.	10.50	536	General Electric	10.50	537	IBM Corp.
540	Alcoa Inc.	10.50	541	Boeing Co.	10.50	542	General Electric	10.50	543	IBM Corp.
547	Alcoa Inc.	10.50	548	Boeing Co.	10.50	549	General Electric	10.50	550	IBM Corp.
554	Alcoa Inc.	10.50	555	Boeing Co.	10.50	556	General Electric	10.50	557	IBM Corp.
560	Alcoa Inc.	10.50	561	Boeing Co.	10.50	562	General Electric	10.50	563	IBM Corp.
567	Alcoa Inc.	10.50	568	Boeing Co.	10.50	569	General Electric	10.50	570	IBM Corp.
574	Alcoa Inc.	10.50	575	Boeing Co.	10.50	576	General Electric	10.50	577	IBM Corp.
580	Alcoa Inc.	10.50	581	Boeing Co.	10.50	582	General Electric	10.50	583	IBM Corp.
587	Alcoa Inc.	10.50	588	Boeing Co.	10.50	589	General Electric	10.50	590	IBM Corp.
594	Alcoa Inc.	10.50	595	Boeing Co.	10.50	596	General Electric	10.50	597	IBM Corp.
600	Alcoa Inc.	10.50	601	Boeing Co.	10.50	602	General Electric	10.50	603	IBM Corp.
607	Alcoa Inc.	10.50	608	Boeing Co.	10.50	609	General Electric	10.50	610	IBM Corp.
614	Alcoa Inc.	10.50	615	Boeing Co.	10.50	616	General Electric	10.50	617	IBM Corp.
620	Alcoa Inc.	10.50	621	Boeing Co.	10.50	622	General Electric	10.50	623	IBM Corp.
627	Alcoa Inc.	10.50	628	Boeing Co.	10.50	629	General Electric	10.50	630	IBM Corp.
634	Alcoa Inc.	10.50	635	Boeing Co.	10.50	636	General Electric	10.50	637	IBM Corp.
640	Alcoa Inc.	10.50	641	Boeing Co.	10.50	642	General Electric	10.50	643	IBM Corp.
647	Alcoa Inc.	10.50	648	Boeing Co.	10.50	649	General Electric	1		

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REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the letter being quoted in Irish currency.

Ordn & Rem Cl. 1/2	438		
Finlay Plm. 5/8	28		
Holt (Ind) 25/8	1988		
IRISH			
Cap. 6 1/2% 1/4 10/11	634		
Spe. Cl. 17/10	124		
Fin. 13% 97/02	5113 1/2		
Armo. Co.	190		
		Heaton Hids. 37/-	-1
		IRC	124
		United Drug	168 3/4

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 38p off peak inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 825-2128

Continued on next page

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128

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GUERNSEY (REGULATED)*

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firm as G7 talk fades

THE US dollar was firmer yesterday after a senior US official ended market speculation that the Group of Seven finance ministers meeting, which begins today in Bangkok, will agree to a revaluation of the yen.

The dollar had weakened over the past ten days, particularly against the yen, on the suggestions in the currency markets that the G7 would decide to boost the yen as way of curbing Japan's burgeoning trade surplus with the US.

A growing awareness in the foreign exchange markets that America's deficit with Japan is becoming an increasingly important political issue in the US, had led to a widespread suggestion that the G7 might seek a revaluation of the yen as a way of heading off protectionist pressures.

But a senior US official said yesterday he did not expect the communiqué released after the G7 meeting "to contain any strong language on currencies."

Some analysts said there could still be a behind the scenes agreement to keep the yen strong, although most seemed to accept the words of the official.

Turnover was brisk in the currency markets with several large orders transacted throughout the day. As well as

the G7 meeting, the market was also waiting for the release of September producer price data and retail sales figures today.

The dollar rose to ¥130.35 from ¥129.10; and to FFs 7.700 from FFs 7.678. On the Bank of England's figures, the dollar's index was down 0.2 at 64.8.

Sterling stabilised after the weakness of the previous two sessions. The threat of intervention from the Bank of England kept the pound above DM2.90, while remarks by Mr Norman Lamont, chancellor of the exchequer, that he would not take any risks on inflation or sterling also helped.

But with worries about the standing of the ruling Conservative party still looming large, there was little enthusiasm for sterling to move much higher. However, there were reports that an order to buy £200m against the dollar was

transacted. The pound remained firmly at the bottom of the European Exchange Rate Mechanism, while against the D-Mark it rose to DM2.905 from DM2.9025; to SP2.5425 from SP2.5400; to Y223.25; and to FFs 7.8975 from FFs 7.878. But it fell to £1.756 from £1.770. Sterling's index trade weighted index rose 0.1 to 90.3.

Within the rest of the ERM, the Deutschmark was slightly weaker following suggestions that the Russian president, Mr Boris Yeltsin had disappeared. The deteriorating economic climate in the Soviet Union has produced a state of wild rumours. On Wednesday the Kremlin had to deny market speculation that Mr Mikhail Gorbachev had been assassinated.

Elsewhere within the ERM, the peseta remained firmly at the top of the grid.

EMS EUROPEAN CURRENCY UNIT RATES

	Oct 10	Oct 9	% Change	% Spread	Overhead
Spanish Peseta	133.631	129.361	-3.20	4.47	35
French Franc	42.4032	42.4032	0.00	1.70	30
Italian Lira	1,336.24	1,336.24	0.00	1.60	28
D-Mark	2.33669	2.33669	0.00	1.30	13
Swiss Franc	2.03756	2.03756	0.00	0.47	27
British Pound	7.89785	7.89785	0.00	0.47	27
Portuguese Escudo	200.482	200.482	0.00	1.10	20
Irish Punt	7.87564	7.87564	0.00	0.47	27
Spanish Peseta	133.631	129.361	-3.20	4.47	35

Oct 10 Oct 9 % Change % Spread Overhead

Spanish Peseta 133.631 129.361 -3.20 4.47 35

French Franc 42.4032 42.4032 0.00 1.70 30

Italian Lira 1,336.24 1,336.24 0.00 1.60 28

D-Mark 2.33669 2.33669 0.00 1.30 13

Swiss Franc 2.03756 2.03756 0.00 0.47 27

British Pound 7.89785 7.89785 0.00 0.47 27

Portuguese Escudo 200.482 200.482 0.00 1.10 20

Irish Punt 7.87564 7.87564 0.00 0.47 27

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Swiss Franc 2.03756 2.03756 0.00 0.47 27

British Pound 7.89785 7.89785 0.00 0.47 27

Portuguese Escudo 200.482 200.482 0.00 1.10 20

Irish Punt 7.87564 7.87564 0.00 0.47 27

FINANCIAL FUTURES AND OPTIONS

Strike	Call	Put	Call	Put
90	1.47	4.12	0.49	0.28
92	1.47	4.12	0.49	0.28
94	1.47	4.12	0.49	0.28
96	1.47	4.12	0.49	0.28
98	1.47	4.12	0.49	0.28
100	1.47	4.12	0.49	0.28
102	1.47	4.12	0.49	0.28
104	1.47	4.12	0.49	0.28
106	1.47	4.12	0.49	0.28
108	1.47	4.12	0.49	0.28
110	1.47	4.12	0.49	0.28

Estimated volume total, Call 5774 Put 4298
Previous day's open, Call 5643 Put 19578

Strike	Call	Put	Call	Put
90	1.47	4.12	0.49	0.28
92	1.47	4.12	0.49	0.28
94	1.47	4.12	0.49	0.28
96	1.47	4.12	0.49	0.28
98	1.47	4.12	0.49	0.28
100	1.47	4.12	0.49	0.28
102	1.47	4.12	0.49	0.28
104	1.47	4.12	0.49	0.28
106	1.47	4.12	0.49	0.28
108	1.47	4.12	0.49	0.28
110	1.47	4.12	0.49	0.28

Estimated volume total, Call 5774 Put 4298
Previous day's open, Call 5643 Put 19578

Strike	Call	Put	Call	Put
90	1.47	4.12	0.49	0.28
92	1.47	4.12	0.49	0.28
94	1.47	4.12	0.49	0.28
96	1.47	4.12	0.49	0.28
98	1.47	4.12	0.49	0.28
100	1.47	4.12	0.49	0.28
102	1.47	4.12	0.49	0.28
104	1.47	4.12	0.49	0.28
106	1.47	4.12	0.49	0.28
108	1.47	4.12	0.49	0.28
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102	1.47	4.12	0.49	0.28
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108	1.47	4.12	0.49	0.28
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108	1.47	4.12	0.49	0.28
110	1.47	4.12	0.49	0.28

WORLD STOCK MARKETS

AMSTERDAM

Index	Oct 10	Oct 9	% Chg
Amsterdam 100	1,250.00	1,245.00	+0.4
Amsterdam 200	1,250.00	1,245.00	+0.4
Amsterdam 300	1,250.00	1,245.00	+0.4
Amsterdam 400	1,250.00	1,245.00	+0.4
Amsterdam 500	1,250.00	1,245.00	+0.4

BRUSSELS

Index	Oct 10	Oct 9	% Chg
Brussels 100	1,250.00	1,245.00	+0.4
Brussels 200	1,250.00	1,245.00	+0.4
Brussels 300	1,250.00	1,245.00	+0.4
Brussels 400	1,250.00	1,245.00	+0.4
Brussels 500	1,250.00	1,245.00	+0.4

LUXEMBOURG

Index	Oct 10	Oct 9	% Chg
Luxembourg 100	1,250.00	1,245.00	+0.4
Luxembourg 200	1,250.00	1,245.00	+0.4
Luxembourg 300	1,250.00	1,245.00	+0.4
Luxembourg 400	1,250.00	1,245.00	+0.4
Luxembourg 500	1,250.00	1,245.00	+0.4

PARIS

Index	Oct 10	Oct 9	% Chg
Paris 100	1,250.00	1,245.00	+0.4
Paris 200	1,250.00	1,245.00	+0.4
Paris 300	1,250.00	1,245.00	+0.4
Paris 400	1,250.00	1,245.00	+0.4
Paris 500	1,250.00	1,245.00	+0.4

BERLIN

Index	Oct 10	Oct 9	% Chg
Berlin 100	1,250.00	1,245.00	+0.4
Berlin 200	1,250.00	1,245.00	+0.4
Berlin 300	1,250.00	1,245.00	+0.4
Berlin 400	1,250.00	1,245.00	+0.4
Berlin 500	1,250.00	1,245.00	+0.4

STUTTGART

Index	Oct 10	Oct 9	% Chg
Stuttgart 100	1,250.00	1,245.00	+0.4
Stuttgart 200	1,250.00	1,245.00	+0.4
Stuttgart 300	1,250.00	1,245.00	+0.4
Stuttgart 400	1,250.00	1,245.00	+0.4
Stuttgart 500	1,250.00	1,245.00	+0.4

MUNICH

Index	Oct 10	Oct 9	% Chg
Munich 100	1,250.00	1,245.00	+0.4
Munich 200	1,250.00	1,245.00	+0.4
Munich 300	1,250.00	1,245.00	+0.4
Munich 400	1,250.00	1,245.00	+0.4
Munich 500	1,250.00	1,245.00	+0.4

VIENNA

Index	Oct 10	Oct 9	% Chg
Vienna 100	1,250.00	1,245.00	+0.4
Vienna 200	1,250.00	1,245.00	+0.4
Vienna 300	1,250.00	1,245.00	+0.4
Vienna 400	1,250.00	1,245.00	+0.4
Vienna 500	1,250.00	1,245.00	+0.4

ZURICH

Index	Oct 10	Oct 9	% Chg
Zurich 100	1,250.00	1,245.00	+0.4
Zurich 200	1,250.00	1,245.00	+0.4
Zurich 300	1,250.00	1,245.00	+0.4
Zurich 400	1,250.00	1,245.00	+0.4
Zurich 500	1,250.00	1,245.00	+0.4

OSLO

Index	Oct 10	Oct 9	% Chg
Oslo 100	1,250.00	1,245.00	+0.4
Oslo 200	1,250.00	1,245.00	+0.4
Oslo 300	1,250.00	1,245.00	+0.4
Oslo 400	1,250.00	1,245.00	+0.4
Oslo 500	1,250.00	1,245.00	+0.4

STOCKHOLM

Index	Oct 10	Oct 9	% Chg
Stockholm 100	1,250.00	1,245.00	+0.4
Stockholm 200	1,250.00	1,245.00	+0.4
Stockholm 300	1,250.00	1,245.00	+0.4
Stockholm 400	1,250.00	1,245.00	+0.4
Stockholm 500	1,250.00	1,245.00	+0.4

COPENHAGEN

Index	Oct 10	Oct 9	% Chg
Copenhagen 100	1,250.00	1,245.00	+0.4
Copenhagen 200	1,250.00	1,245.00	+0.4
Copenhagen 300	1,250.00	1,245.00	+0.4
Copenhagen 400	1,250.00	1,245.00	+0.4
Copenhagen 500	1,250.00	1,245.00	+0.4

HELSINKI

Index	Oct 10	Oct 9	% Chg
Helsinki 100	1,250.00	1,245.00	+0.4
Helsinki 200	1,250.00	1,245.00	+0.4
Helsinki 300	1,250.00	1,245.00	+0.4
Helsinki 400	1,250.00	1,245.00	+0.4
Helsinki 500	1,250.00	1,245.00	+0.4

TOKYO

Index	Oct 10	Oct 9	% Chg
Tokyo 100	1,250.00	1,245.00	+0.4
Tokyo 200	1,250.00	1,245.00	+0.4
Tokyo 300	1,250.00	1,245.00	+0.4
Tokyo 400	1,250.00	1,245.00	+0.4
Tokyo 500	1,250.00	1,245.00	+0.4

FRANCE (continued)

Index	Oct 10	Oct 9	% Chg
France 100	1,250.00	1,245.00	+0.4
France 200	1,250.00	1,245.00	+0.4
France 300	1,250.00	1,245.00	+0.4
France 400	1,250.00	1,245.00	+0.4
France 500	1,250.00	1,245.00	+0.4

GERMANY (continued)

Index	Oct 10	Oct 9	% Chg
Germany 100	1,250.00	1,245.00	+0.4
Germany 200	1,250.00	1,245.00	+0.4
Germany 300	1,250.00	1,245.00	+0.4
Germany 400	1,250.00	1,245.00	+0.4
Germany 500	1,250.00	1,245.00	+0.4

NETHERLANDS

Index	Oct 10	Oct 9	% Chg
Netherlands 100	1,250.00	1,245.00	+0.4
Netherlands 200	1,250.00	1,245.00	+0.4
Netherlands 300	1,250.00	1,245.00	+0.4
Netherlands 400	1,250.00	1,245.00	+0.4
Netherlands 500	1,250.00	1,245.00	+0.4

SWEDEN (continued)

Index	Oct 10	Oct 9	% Chg
Sweden 100	1,250.00	1,245.00	+0.4
Sweden 200	1,250.00	1,245.00	+0.4
Sweden 300	1,250.00	1,245.00	+0.4
Sweden 400	1,250.00	1,245.00	+0.4
Sweden 500	1,250.00	1,245.00	+0.4

SPAIN

Index	Oct 10	Oct 9	% Chg
Spain 100	1,250.00	1,245.00	+0.4
Spain 200	1,250.00	1,245.00	+0.4
Spain 300	1,250.00	1,245.00	+0.4
Spain 400	1,250.00	1,245.00	+0.4
Spain 500	1,250.00	1,245.00	+0.4

ITALY

Index	Oct 10	Oct 9	% Chg
Italy 100	1,250.00	1,245.00	+0.4
Italy 200	1,250.00	1,245.00	+0.4
Italy 300	1,250.00	1,245.00	+0.4
Italy 400	1,250.00	1,245.00	+0.4
Italy 500	1,250.00	1,245.00	+0.4

GERMANY (continued)

Index	Oct 10	Oct 9	% Chg
Germany 100	1,250.00	1,245.00	+0.4
Germany 200	1,250.00	1,245.00	+0.4
Germany 300	1,250.00	1,245.00	+0.4
Germany 400	1,250.00	1,245.00	+0.4
Germany 500	1,250.00	1,245.00	+0.4

NETHERLANDS (continued)

Index	Oct 10	Oct 9	% Chg
Netherlands 100	1,250.00	1,245.00	+0.4
Netherlands 200	1,250.00	1,245.00	+0.4
Netherlands 300	1,250.00	1,245.00	+0.4
Netherlands 400	1,250.00	1,245.00	+0.4
Netherlands 500	1,250.00	1,245.00	+0.4

SWEDEN (continued)

Index	Oct 10	Oct 9	% Chg
Sweden 100	1,250.00	1,245.00	+0.4
Sweden 200	1,250.00	1,245.00	+0.4
Sweden 300	1,250.00	1,245.00	+0.4
Sweden 400	1,250.00	1,245.00	+0.4
Sweden 500	1,250.00	1,245.00	+0.4

SPAIN (continued)

Index	Oct 10	Oct 9	% Chg
Spain 100	1,250.00	1,245.00	+0.4
Spain 200	1,250.00	1,245.00	+0.4
Spain 300	1,250.00	1,245.00	+0.4
Spain 400	1,250.00	1,245.00	+0.4
Spain 500	1,250.00	1,245.00	+0.4

ITALY (continued)

Index	Oct 10	Oct 9	% Chg
Italy 100	1,250.00	1,245.00	+0.4
Italy 200	1,250.00	1,245.00	+0.4
Italy 300	1,250.00	1,245.00	+0.4
Italy 400	1,250.00	1,245.00	+0.4
Italy 500	1,250.00	1,245.00	+0.4

GERMANY (continued)

Index	Oct 10	Oct 9	% Chg
Germany 100	1,250.00	1,245.00	+0.4
Germany 200	1,250.00	1,245.00	+0.4
Germany 300	1,250.00	1,245.00	+0.4
Germany 400	1,250.00	1,245.00	+0.4
Germany 500	1,250.00	1,245.00	+0.4

NETHERLANDS (continued)

Index	Oct 10	Oct 9	% Chg
Netherlands 100	1,250.00	1,245.00	+0.4
Netherlands 200	1,250.00	1,245.00	+0.4
Netherlands 300	1,250.00	1,245.00	+0.4
Netherlands 400	1,250.00	1,245.00	+0.4
Netherlands 500	1,250.00	1,245.00	+0.4

SWEDEN (continued)

Index	Oct 10	Oct 9	% Chg
Sweden 100	1,250.00	1,245.00	+0.4
Sweden 200	1,250.00	1,245.00	+0.4
Sweden 300	1,250.00	1,245.00	+0.4
Sweden 400	1,250.00	1,245.00	+0.4
Sweden 500	1,250.00	1,245.00	+0.4

CANADA

TORONTO

400 pm prices October 10

Index	Oct 10	Oct 9	% Chg
Toronto 100	1,250.00	1,245.00	+0.4
Toronto 200	1,250.00	1,245.00	+0.4
Toronto 300	1,250.00	1,245.00	+0.4
Toronto 400	1,250.00	1,245.00	+0.4
Toronto 500	1,250.00	1,245.00	+0.4

NEW YORK

DOJONES

Index	Oct 10	Oct 9	% Chg
Dow Jones 100	1,250.00	1,245.00	+0.4
Dow Jones 200	1,250.00	1,245.00	+0.4
Dow Jones 300	1,250.00	1,245.00	+0.4
Dow Jones 400	1,250.00	1,245.00	+0.4
Dow Jones 500	1,250.00	1,245.00	+0.4

STANDARD AND POOR'S

Index	Oct 10	Oct 9	% Chg
S&P 100	1,250.00	1,245.00	+0.4
S&P 200	1,250.00	1,245.00	+0.4
S&P 300	1,250.00	1,245.00	+0.4
S&P 400	1,250.00	1,245.00	+0.4
S&P 500	1,250.00	1,245.00	+0.4

NEW YORK ACTIVE STOCKS

Index	Oct 10	Oct 9	% Chg
New York 100	1,250.00	1,245.00	+0.4
New York 200	1,250.00	1,245.00	+0.4
New York 300	1,250.00	1,245.00	+0.4
New York 400	1,250.00	1,245.00	+0.4
New York 500	1,250.00	1,245.00	+0.4

TRADING ACTIVITY

	Home Bonds	97.06	97.13	97.27	97.21	12683
						97.30
	Transport	1206.46	1182.92	1108.34	1178.64	1241.95
						CHS
	Utilities	211.00	211.50	212.82	212.51	220.89
						CHS
Grand	+ or -					116.40
10.50	...					0.00
127	...					0.00
115.75	...					0.00
48.25	...					0.00
36.50	...					0.00

STANDARD AND POOR'S						
	Composite :	380.55	376.80	380.67	379.50	396.64
						12683
	Industrials	449.59	445.37	449.61	448.54	472.81
						12683

NASDAQ NATIONAL MARKET

4:00 pm prices October 10

[illegible]

4:00 pm prices October 10

[illegible]

EUROPE'S BUSINESS NEWSPAPER

~~Do not Change ERDC 1001~~

AMERICA

Late buying prompts sharp rise in Dow

Wall Street

A burst of late buying pushed share prices sharply higher yesterday, ending on a bright note a session in which the market had been mostly weaker in the wake of higher bond yields and a mixed batch of third quarter earnings reports, writes Patrick Harrison in New York.

At the close the Dow Jones Industrial Average was up 30.19 at 2,976.52. Over two-thirds of the gains were earned in the final hour of trading. The more broadly based Standard & Poor's 500 moved in similar fashion, ending up 3.76 at 330.56, while the Nasdaq composite of over-the-counter stocks gained 2.13 to 515.94. Turnover on the NYSE was a modest 165m shares, and advances outpaced declines by 790 to 728.

The market was unsettled at the opening by a rise in bond yields and more disturbing news on labour market conditions. The Labor Department reported that the number of

people claiming state unemployment insurance rose 5,000 to 435,000 in the last week of September.

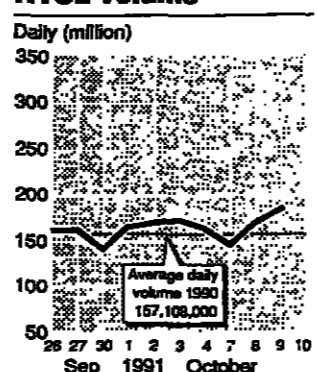
The figures were worse than analysts had been expecting, and showed that the meagre economic recovery still had to have an impact on the depressed jobs market.

Although the figures improved the odds of another interest rate cut by the Federal Reserve, they also sent another depressing message on the current state of the economy. The market is still pinning its hopes, however, on a Fed easing after today's key September retail sales and producer prices data.

A rare report of strong third quarter earnings growth came from J.P. Morgan, the leading Wall Street investment bank. The shares climbed 2 1/4 to \$63 after the bank reported net income for the July to September period of \$578m. The figures compared favourably with third quarter 1990 income of \$508m and previous quarter income of \$531m.

The rest of the banking sector

NYSE volume



tor also showed good form, assisted by the growing hopes of lower interest rates. Among the leading money-centre bank stocks Citicorp firmed 3/4 to \$113 1/4, Chase Manhattan rose 1/4 to \$118 1/4, Bankers Trust put on 1/4 to \$61 1/4, Chemical added 1/4 to \$23 1/4, and its partner in the approaching merger, Manufacturers Hanover, gained 1/4 to \$26 1/4.

More typical of what has so far been a difficult third quarter were the results from Hilton Hotels. Its shares eased 3/4 to \$37 1/4 after the group reported a decline in net income to 38 cents a share, down from 45 cents a share at the same stage last year.

Allied Signal succumbed to heavy selling pressure after its strong performance on Wednesday, the shares tumbling 2 to \$38 1/4. The profit-takers moved in after the stock had jumped sharply the previous day on news of a major restructuring plan at the group, which involved a \$880m write-off for the third quarter and plans to cut 5,000 jobs from the workforce.

On the over-the-counter market, Intel jumped 3 1/4 to \$42 on volume of 4.6m shares after the big computer technology company reported third quarter net income of 96 cents a share, well above analysts' estimates of 87 cents and better than the 83 cents a share recorded in the same quarter of 1990.

Activus fell 1/4 to \$37 in active trading after the company warned that its profits for the third quarter would come in at between 34 cents a share and 38 cents a share. This would compare unfavourably with the 45 cents a share earned a year earlier.

Canada

TORONTO stock prices ended the session steady on moderate volume. Based on preliminary data, the composite index rose 5.88 points to 3,343.08. Declining issues outpaced advances 277 to 233, as volume slipped to 18.3m shares from the previous 21.3m shares. Trading value fell to C\$213.3m, from C\$289.6m.

Ten of 14 sub-groups gained ground, led by solid gains in industrial products and mining. Energy ended steady and consumer products and golds were lower. Conglomerates gained 1.74 per cent.

Hayes-Dana shares slipped 1/4 to C\$13 1/4. The company reported a third-quarter loss of C\$3.5m, compared with a profit of C\$2.5m in the year-earlier period, and said it expects losses to continue into the fourth quarter.

Athens crumples under weight of rights issue

Economic pessimism is also rife, says Kerin Hope

LIKE THE *refos*, the cloud of atmospheric pollution that blots out the city's ancient landmarks, a mood of gloom has settled over the Athens stock exchange.

The weakness of the Greek economy this year, coupled with warnings that recession will persist well into 1992, sent the market into a steady decline over the summer. Compared with last year's explosive growth, which made the Athens bourse one of the top performers among emerging markets, the fall is striking.

The Athens general index has declined by 11.3 per cent in the first nine months of this year. In September alone, the index dropped by 16.7 per cent to 541.8, its lowest level in more than a year. A modest recovery followed, as a few institutional investors picked up bargains, but the index has stayed below 600. Yesterday it closed at 590.49, down 18.47.

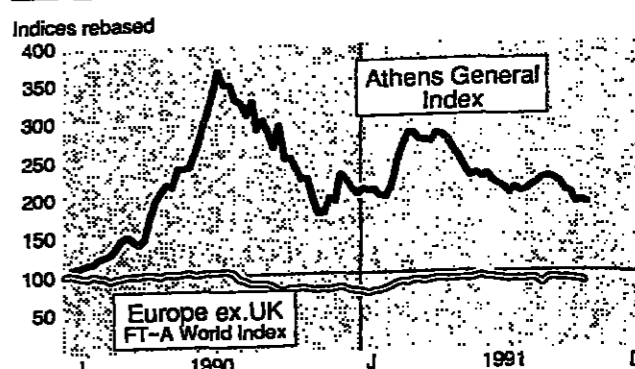
According to Mr Spyros Kriktopoulos, chief analyst at M. Kyranis Securities, volume fell to 252,000 shares a day last month from an average 377,000 this year. Average daily turnover was Dr5.02bn (\$10.46m) in the first nine months, compared with Dr5bn a day at the height of last year's rally.

Mr Panagis Vourloumis of Alpha Finance, the merchant banking arm of Credit Bank, says: "The Athens market is a good barometer of confidence in the economy, and that is lacking because of the government's problems over reducing the public deficit."

VIENNA slipped in thin trading. The ATX index dropped 13.84 or 1.3 per cent to 1,028.65, the lowest level since the Soviet coup attempt seven weeks ago.

ISTANBUL dropped 5.6 per cent in panic selling, as the prospect of possible state support failed to offset worries about the October 20 elections, spiralling interest rates and a war of words among political leaders.

The index tumbled 143.45 to 2,578.13, a 21-month low, as the average yield at Wednesday's six-month T-bill auction rose to 73.32 per cent from 68.62 per cent. Turnover rose to TL105bn from TL95bn.



Source: Datastream and Bear Stearns

But the new issue, intended to raise the bank's capital adequacy ratio to European Community requirements and help finance its modernisation programme, attracted only moderate interest. Part of the first tranche of Dr37bn was offered to the public at Dr15,000 a share, after many existing shareholders declined to exercise their rights.

The second tranche is being offered later this month in the form of convertible bonds with a 4 per cent annual interest. They can be converted into shares after three or five years.

Mr Sophocles Priniotakis of National Securities, the bank's brokerage house, says: "Considering that the bank is now modernising, shedding many of its subsidiaries and valuable property holdings, the bonds are a good buy."

But with annual inflation running at 17.9 per cent and increasing competition among Greek banks, private investors could hesitate. State-controlled institutions will probably be pressured by the government into taking up the issue.

In spite of the lukewarm reception given to the National Bank issue, fears that it would soak up market liquidity appear to have been justified. Although few of the 14 new listings earlier this year were heavily oversubscribed, all were comfortably covered, raising a total of Dr4.7bn in new equity. However, the two flotations launched since National Bank went to the market had a difficult ride. International Clothing Indus-

try managed to reach its target of Dr1.6bn. But in the case of Hellenic Can, part of CMB, the Anglo-French packaging group, the underwriters were left holding about 40 per cent of a Dr6.3bn offering.

Mr Nikos Tsirios of Alpha Finance, financial adviser for the listing, says: "We were a bit disappointed with Hellenic Can after we had kept the offering open for an extra week. But the company's fundamentals are sound, so I think the underwriters will benefit in the medium term."

Hellenic Can's net profits tripled in 1990 to Dr1.8bn on sales of Dr15bn, while earnings are forecast to grow by over 30 per cent this year.

Although few brokers are ready to predict a rapid recovery, they seem relieved that last year's casino atmosphere may have disappeared for good. They expect the number of small investors turning up at their offices around the exchange building to go on declining, partly because of the growth in mutual funds, many of them sold through provincial bank and insurance company networks.

The number of mutual funds has reached 14, with total assets amounting to almost Dr170bn. Small investors recently started pulling out in order to take advantage of high interest rates on government paper. But renewed growth is forecast once the central bank approves applications for mutual funds that will exclusively invest abroad, following the lifting of curbs on outward capital movement this year.

EUROPE

Krupp-Hoesch merger disappoints Frankfurt

NEWS OF a merger in the German steel sector failed to lift Frankfurt out of the doldrums yesterday. Most other bourses were also weak, writes Our Markets Staff.

FRANKFURT was not impressed by the emergence of Krupp Cmb5, the parent of Krupp Stahl, as the bidder for a majority stake in fellow steel group Hoesch, after months of takeover speculation. The market was also disappointed by the lack of a full bid for Hoesch, once again leaving minority shareholders out in the cold.

The real-time DAX index closed just 0.73 higher at 1,567.95, helped by a late rise in Siemens, while the FAZ index, calculated at mid-session, fell 6.69 to 643.87. Volume rose to DM4.6bn from DM4.1bn.

Trading in Hoesch shares and warrants was halted on the Frankfurt and Düsseldorf bourses ahead of statements from the parties involved. But Hoesch shares were officially quoted at DM267.27, well down on the previous day's close of DM293 and on the average price of DM263 that Krupp paid for its 24.9 per cent stake in Hoesch.

Mr Hans Peter Wodniok of James Capel in Frankfurt said that while he would have been in favour of a concentration of the two companies' steel activities, he questioned Krupp's ability to finance a takeover of the entire Hoesch group. "It appears to be a case of the

FT-SE Eurotrack 100 - Oct 10

Hourly changes							
Open	11 am	Noon	1 pm	2 pm	3 pm	4 pm	Close
1053.22	1053.40	1055.23	1056.71	1056.66	1056.76	1057.54	1056.32
Day's High 1058.79				Day's Low 1053.22			
Oct 9		Oct 8		Oct 7		Oct 3	
1058.95		1053.53		1052.53		1058.21	
1102.18							

weaker buying the stronger," he said.

County NatWest in London also had it doubts, saying that the short-term effect should not be seen as positive. "Krupp has not been over the water and has a weak balance sheet," the broker said in its daily comment. It recommended taking profits in Hoesch.

Elsewhere, Siemens was supported by remarks by Mr Heinrich von Pierer, the incoming chairman, that earnings would be at least as high in 1990-91 as in 1989-90, and that order inflow levels were above those of a year earlier. The stock closed DM3.50 higher at DM620, and was quoted at DM621.63 after hours.

MILAN was blighted by news of yet another floor traders' strike, due to start today for an indefinite period, in protest at job losses caused by a broad reform of the stock market. The strike is likely to disrupt the settlement of the October account next week.

The Comit index fell 5.61 to 524.15 in turnover estimated at more than Wednesday's L103bn

as traders squared positions.

Fiat led the market lower, falling L102 to L5,098, while Olivetti lost L40 to L3,144. But telecommunications stocks held up well against the downturn, with Sip falling L4 to L1,170 before rising L5 after hours.

STOCKHOLM fell again, as news of a worse-than-expected inflation figure for September deepened the depression caused by disappointing company results. The Affarsvärden General index moved below the 1,000 level, closing at 998.7, down 4.5, as turnover fell to SEK265m from SEK404m.

MADRID kept a close eye on the listing of Flyco, the hyper-market group, which was in good demand in pit trading but finished the day untraded because of the absence of sellers. The shares were priced at Pta1,000 at the first auction, raised by 10 per cent to Pta1,100 at the second auction and finished with a bid for 5,000 shares at Pta1,200.

The rest of the market was mostly flat. The general index fell 0.22 to 266.36 in thin turn-

over of about Pta6bn, down from Pta8.9bn.

Telefonica, the telecommunications company, continued to be a focus of attention, rising Pta20 to Pta1,190 in volume of 2.6m shares.

In the electric utility sector, Fesac slipped Pta1 to Pta730 after Iberdrola agreed to sell its 14 per cent stake to Endesa, the state-controlled group. Endesa eased Pta10 to Pta2,660. Unión Fenosa edged down Pta1 to Pta574 in 1.12m shares, which included a put-through of 800,000.

PARIS remained stuck in a narrow, 10-point range. The CAC 40 index added 0.21 to 1,843.64 in moderate trading, after Wednesday's FFR1.5bn.

Among the few active stocks, Accor dropped FFR27 or 3.5 per cent to FFR734 in volume of 107,250 shares after the hotel group postponed the announcement of its first-half results. Total, the oil group, gained FFR17 to FFR512 in 119,125 shares, the width to this month's New York listing.

Société Générale rose FFR2.30 to FFR494.10 after the previous day's better-than-expected interim results.

BRUSSELS managed to close higher on demand for the Petrofina oil group, much of it from the UK. The Bel20 index rose 4.87 to 1,104.23 as Petrofina gained BFR100 to BFR1,000 in volume of 29,260 shares worth BFR32m - about half of the total bourse volume.

AMSTERDAM fell into nega-

tive territory soon after the opening, weighed down by weakness in London and Wall Street. The CBS Tendency index closed at 88.2, down 0.5, in moderate trading.

ZURICH ended above its session lows on buying of some banking, insurance and chemical shares. The Credit Suisse index fell 4.9 to 506.2.

VIENNA slipped in thin trading. The ATX index dropped 13.84 or 1.3 per cent to 1,028.65, the lowest level since the Soviet coup attempt seven weeks ago.

ISTANBUL dropped 5.6 per cent in panic selling, as the prospect of possible state support failed to offset worries about the October 20 elections, spiralling interest rates and a war of words among political leaders.

The index tumbled 143.45 to 2,578.13, a 21-month low, as the average yield at Wednesday's six-month T-bill auction rose to 73.32 per cent from 68.62 per cent. Turnover rose to TL105bn from TL95bn.

ASIA PACIFIC

Hong Kong falls on Deng health rumours

THE PACIFIC Rim was mostly weaker yesterday in the absence of Tokyo, which was shut for a national holiday. Taiwan was also closed.

HONG KONG swung to a moderate loss by the close, as modest morning gains were wiped out by fresh rumours that Deng Xiaoping, the Chinese leader, ended down 14.3 at 1,565.9, but above a day's low of 1,554.3.

Turnover increased to A\$242m from A\$212m, boosted by the placement of an A\$40m portfolio through Ord Minnett.

Remison Goldfields, which announced late on Wednesday that it was raising A\$85m in issue of new shares, dropped 17 cents to A\$4.95.

NEW ZEALAND recovered

The oil sector suffered further selling pressure ahead of the expected sale of 4bn shares in Oriental Petroleum & Minerals Corp later this month by the Presidential Commission on Good Government.

AUSTRALIA dropped after weakness on overseas markets overnight. The All Ordinaries index ended down 14.3 at 1,565.9, but above a day's low of 1,554.3.

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from a fall in the morning, but still ended down on the day. The NZSE-40 index fell as low as 1,438.46 before ending 3.99 off at 1,447.29, the session's high. Turnover was steady at NZ\$13.4m.

BANGKOK rose as some investors gained confidence from the approach of the annual World Bank/IMF meetings here. The SET index ended 9.84 higher at 644.60 in turnover of Bt2.71bn.

SEOUL strengthened, boosted by the financial sector. The composite index moved up 6.03 to 715.41 in improved turnover of Won341bn, after Wednesday's 2.5% rise.

SINGAPORE came off the day's lows on bargain hunting. The Straits Times Industrial

index finished at 1,335.98, down 3.01, in thin turnover of S\$77.5m, after S\$75.3m. In KUALA LUMPUR the composite index was 0.85 easier at 507.37 as volume declined to M\$51.3m from M\$57.5m.

JAKARTA resumed its downward trend after a marginal recovery on Wednesday. The index slipped 4.81 to 241.56 on 9.1m shares.

BOMBAY recovered from the previous day's weakness, helped by heavy buying by state-owned mutual funds. Wednesday's 63-point drop had followed the Reserve Bank's announcement on Tuesday of a tight credit policy.

The index rallied 35.97 to 1,752.50. South Africa was closed for a national holiday.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS														
THURSDAY OCTOBER 10 1991														
WEDNESDAY OCTOBER 9 1991														
DOLLAR INDEX														
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day
Australia (69)	150.04	-1.1	129.67	123.83	132.14	125.54	-1.0	4.84	151.67	130.97	124.64	133.35	126.81	112.74
Austria (20)	70.96	-0.7	147.75	140.27	150.18	150.46	-0.9	1.90	172.21	148.70	141.22	151.40	151.83	154.82
Belgium (47)	128.78	+0.3	111.27	108.08	113.39	110.81	+0.3	6.35	128.40	110.57	105.50	112.88	111.21	111.16
Canada (114)	134.38	+0.3	116.12	110.70	118.32	109.89	+0.4	3.45	133.93	115.85	110.50	117.74	105.54	142.27
Denmark (37)	247.38	+0.0	214.32	204.35	218.40	220.50	-0.1	1.80	247.59	214.08	203.74	217.57	220.79	217.74
Finland (15)	154.47	+5.1	133.86	127.42	135.33	133.75	-0.5	7.30	133.86	127.42	135.33	133.75	133.75	133.75
France (109)	138.67	-0.2	120.71	115.08	123.00	126.42	+0.0	3.51	138.98	120.87	115.02	123.05	125.42	127.26
Germany (65)	104.95	-1.2	80.70	88.48	92.43	92.43	-1.0	2.43	105.20	81.70	87.28	93.38	93.38	94.15
Hong Kong (59)	167.81	-0.5	145.03	139.27	147.80	148.85	-0.5	4.37	145.02	145.60	136.98	148.24	167.86	119.85
Ireland (18)	155.40	-0.1	134.30	128.04	136.86	138.94	+0.3	3.80	134.40	127.17	105.50	112.88	111.21	111.16
Italy (77)	89.26	-1.4	59.86	57.07	61.00	65.49	-1.2	3.54	70.22	60.46	57.70	61.73	66.28	64.76
Japan (474)	141.08	-0.3	121.57	116.26	124.28	119.25	+0.0	4.75	141.47	122.16	116.25	124.39	116.25	146.87
Malaysia (88)	151.29	-0.1	135.82	127.61	140.47	140.47	-0.1	2.59	135.82	127.61	140.47	140.47	140.47	140.47
Mexico (15)	125.42	+0.9	108.57	103.89	110.30	121.56	+0.9	1.25	124.37	107.07	102.52	109.62	141.95	126.54
Netherlands (31)	136.95	-0.9	118.38	112.84	120.62	119.30	-0.2	3.22	138.14	119.28	113.52	121.45	120.14	145.75
New Zealand (14)	46.35	-0.2	40.06	38.19	40.82	43.41	+0.0	6.70	40.06	38.19	40.82	43.41	43.41	43.41
Norway (31)	132.24	+0.4	106.14	106.40	109.31	112.99	+0.2	1.63	109.48	105.34	107.35	108.34	112.57	108.24
Singapore (38)	184.95	-0.3	159.85	152.40	162.89	144.13	-0.7	2.47	185.45	160.13	152.39	163.03	145.15	120.25
South Africa (67)	247.80	-0.6	213.99	204.01	218.06	199.86	+0.0	2.87	249.14	215.13	204.73	218.02	199.86	258.96
Spain (53)	159.60	+0.1	130.37	125.70	134.25	134.43	-0.1	4.43	130.37	125.70	134.25	134.43	134.43	134.43
Sweden (15)	173.50	-0.6	155.47	148.23	154.44	164.38	-0.3	2.71	159.98	159.25	148.70	158.08	164.88	120.14
Switzerland (59)	92.15	-0.7	79.84	75.84	81.17	84.67	-0.6	2.28	92.02	75.15	75.28	81.61	85.17	100.67
United Kingdom (240)	178.75	-0.8	152.75	145.82	155.65	162.76	-0.5	4.45	177.02	153.54	145.11	158.31	162.76	162.76
USA (526)	154.60	+0.9	133.61	127.39	135.50	135.50	+0.9	3.68	154.60	133.61	127.39	135.50	135.50	135.50
Australia (827)	137.98	-0.8	116.98	113.70	121.54	120.64	-0.5	3.96	138.88	119.80	114.11	122.09	121.57	101.52
Canada (1708)	141.29	-0.4	124.64	118.42	125.70	155.17	-0.1	2.09	179.29	154.61	147.43	152.67	155.38	106.50
Pacific Basin (718)	141.29	-0.3	122.11	116.82	124.44	117.37	-0.1	1.06	141.72	122.37	115.46	124.60	117.45	145.92
Europe - Pacific (1545)	140.22	-0.4	121.27	115.61	123.58	119.82	-0.2	2.20	140.93	121.69	115.80	123.89	119.81	147.66
North America (1404)	153.28	-0.9	132.47	126.31	136.01	151.57	+0.8	3.16	151.50	131.17	125.12	136.21	156.62	121.28
Europe Ex. UK (507)	115.12	-0.2	92.57	89.42	95.42	95.42	-0.2	2.55	92.57	89.42	95.42	95.42	95.42	95.42
World Ex. USA (144)	115.12	-0.6	92.57	89.42	95.42	95.42	-0.7	4.37	140.98	124.41	116.42	126.68	127.03	114.10
World Ex. US (1738)	141.83	-0.4	122.68	118.95	125.01	120.78	-0.2	2.25	142.51	123.05	117.11	125.29	121.03	146.12
World Ex. UK (2222)	142.13	+0.2	122.68	117.11	125.19	129.26	+0.2	2.25	141.51	122.68	117.11	125.19	129.26	145.70
World Ex. So. A. (2261)	142.13	+0.2	122.68	117.11	125.19	129.26	+0.2	2.25	141.51	122.68	117.11	125.19	129.26	145.70
World Ex. USA (1738)	146.68	-0.2	125.80	122.89	130.97	139.65	+0.3	3.49	146.03	126.98	121.80	133.22	139.25	125.68
World Ex. UK (2222)	146.56	+0.3	136.44	124.93	137.84	191.48	+0.2	2.67	145.03	126.94	119.19	177.82	191.72	149.01
World Ex. USA (1738)	146.56	+0.3	136.44	124.93	137.84	191.48	+0.2	2.67	145.03	126.94	119.19	177.82	191.72	149.01

RECRUITMENT

JOBS: Surveys show smaller companies' managers have lost ground to big-group equivalents

Puzzling link between pay and sales turnover

"FUSW people can resist the temptation to try a little amateur research," wrote M. R. James in one of his superb ghost stories. Then he went on to tell of the horrors such research can lead to, like awakening alone in the small hours to see the sheets on the spare bed gather themselves up and lurch towards you.

Despite the warning, however, the jobs column remains among the many who find the temptation irresistible. And, luckily, the worst I've provoked so far is letters from readers demanding to know myself, namely how, if at all, the research has made us any the wiser.

Today's case originates in a general rule confirmed by every salary survey I have seen. It is that managers of any given rank are paid more by companies which are large in terms of annual sales turnover, than by smaller concerns.

While that phenomenon seems to be widely accepted as naturally if not divinely ordained, it has never ceased to puzzle me. I could understand it if managers' pay in general reflected size as measured by profits (which, alas, is a measure no salary survey I know of

"Oh, whistle, and I'll come to you, my lad."

includes). But sales turnover is often at odds with profitability.

Moreover I cannot see that it necessarily takes more skill or effort to do a managerial job in a big outfit than in a small one. Nor, even if large-group executives have greater responsibility, can I see that discharging more responsibility less profitably merits better reward.

So why does the rule apply with such consistency?

The question was brought to mind yet again by the latest of the Reward consultancy's six-monthly studies of managerial pay in over 1,000 varied concerns in Britain. Although like other surveys it confirms the rule without explaining it, Reward's exercises do offer me one advantage. Having published extracts from them for years, I can trace the links they have shown between pay and sales over time.

Which I have done, starting in autumn 1982.

Even though the six-monthly figures vary, not least because of differences in the samples of companies surveyed, it soon became apparent that the pattern of the links had changed around

the middle of the nine-year stretch. So I worked out rough averages for the first half between the autumns of 1982 and 86, and the second from spring 1987 to the present time, as well as for the whole period.

The results are given in the following list, which refers to executives ranked immediately below the board. It first takes five turnover brackets, then shows the percentages by which the median salaries of the managers in them differ from the median salary for all managers of similar rank covered by the surveys.

Turnover £ 9/82 - 3/87 - Whole
Up to 5m -10.7 -13.3 -12.3
5m-15m -5.1 -8.1 -6.7
15m-40m -0.3 -3.1 -1.8
40m-100m +13.6 +8.2 +10.7
100m-plus +21.4 +30.8 +21.1

So it seems that, besides the pay-turnover link, there is another phenomenon to be explained. While the biggest companies' executives have held their advantage over the past 4½ years, those in smaller outfits have lost ground. If anyone knows why, I'd be glad to hear.

NOW to the main findings of the latest Reward study, some of which are summarised in the table beneath. Anyone wanting the full report, which gives far more data,

should contact Bill Coudrey of the consultancy at Diamond Way, Stone, Staffordshire ST15 0SD; tel 0785 813555, fax 0785 817007. The price of the survey is £160.

My extracts again focus solely on executives ranked immediately below director although in the smallest firms they may be on the board while doing similar work.

Rank One - Most senior executive below rank of director in:	Lower quartile		Median		Upper quartile		% with company car
	Basic salary £	Total money reward £	Basic salary £	Total money reward £	Basic salary £	Total money reward £	
Legal advice	33,180	34,089	36,107	37,207	(33,943)	(33,943)	42,000
General management	27,510	28,505	32,737	34,050	(29,757)	(30,535)	40,000
Finance & accounting	27,443	27,830	32,122	33,009	(29,500)	(29,848)	37,608
Company secretariat	26,716	27,238	31,590	32,925	(28,500)	(29,850)	39,374
Advertising & PR	25,840	25,840	31,000	31,110	(28,350)	(28,350)	36,754
Distribution	24,237	24,450	30,000	31,110	(27,750)	(27,864)	36,222
Marketing	25,974	26,856	28,703	30,404	(28,000)	(28,350)	35,000
Sales	24,000	25,000	28,600	30,000	(26,750)	(27,000)	33,900
Data processing	24,071	24,824	29,000	29,920	(26,500)	(27,377)	35,592
Personnel	24,000	24,525	29,000	29,500	(26,485)	(26,837)	34,250
Administration	24,000	24,525	29,000	29,500	(26,485)	(26,837)	34,250
Planning	24,140	24,250	29,314	29,314	(26,837)	(26,837)	33,541
Management services	22,785	22,785	27,909	27,909	(24,837)	(24,837)	33,541
Scientific/technical dept	24,047	24,581	27,141	27,837	(24,780)	(25,260)	31,806
Engineering	23,000	23,980	27,551	27,824	(25,273)	(25,555)	31,579
Purchasing	22,720	23,115	26,467	27,242	(24,150)	(24,765)	31,538
Surveying/construction	22,720	23,115	26,467	27,242	(24,150)	(24,765)	31,538
Production	21,715	22,115	26,000	26,700	(23,435)	(24,500)	30,815
Research & development	22,734	23,068	26,381	26,500	(23,000)	(23,000)	30,286
Quality assurance	21,050	21,780	24,825	25,100	(22,251)	(22,400)	28,985
All Rank One execs	24,158	24,158	28,584	28,584	(26,250)	(26,250)	34,437

The left-hand two columns of figures refer to the lower quartile manager a quarter way up a ranking of all in the same type of job. The first gives salary, the second total cash pay including bonuses.

The next four columns relate to the median manager half-way in the league, giving the latest salaries and total cash rewards followed by the equivalent 12 months before.

Then come the new figures for the upper quartile executive a quarter way down the league. Lastly come the percentages with company cars.

To allow for rises since the survey, Reward says all cash figures should be upped by 1.17 per cent, and by a further 0.58 for each month from November 1 onwards.

Regional variations from the overall median salary of £28,584 were: Higher - London by 18.5 per cent, Scotland 9.5, and south-east England 1.6. Lower - west Midlands by 3.7 per cent, north-west 5.0, Northern Ireland 6.1, south-west England 7.7, north-east 8.1, and eastern counties 9.2.

The latest variances from the median by company sales were:

Higher - £10m-plus by 17.5 per cent and £40m-£100m by 1.1. Lower - £15m-£40m by 4.9 per cent, £5m-£15m by 7.6, and up to £5m by 15.5.

Michael Dixon

BANKING FINANCE & GENERAL APPOINTMENTS

UNIVERSITY OF
Essex

APPOINTMENT OF

VICE-CHANCELLOR

The University is seeking a successor as Vice-Chancellor to Professor Martin Harris who has been appointed Vice-Chancellor of the University of Manchester from 1 August 1992.

Persons interested in being considered for the post or wishing to suggest anyone for consideration are invited to write, in confidence, to Sir Terence Beckett, Pro-Chancellor and Chairman of Council, c/o the Registrar & Secretary, University of Essex, Wivenhoe Park, Colchester CM4 3SQ.

The University hopes to receive applications from persons with a wide variety of backgrounds and experience for this post of principal academic and administrative officer. Further information about the post and the University may be obtained from the Registrar & Secretary.

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The financial package, including accommodation in Prague, will be commensurate with qualifications and experience.

Closing date for receipt of completed applications is 30th October, 1991. For further details and application form, please write to Mr C Lampard, Ref No AH354/CL/FT, Abercrombie House, Eaglesham Road, East Kilbride, Glasgow G75 8EA or telephone 0355 843620.

ODA is committed to a policy of equal opportunities and applications for this post are sought from both men and women.

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Please contact Deirdra Moylan or Julie Byford on (071) 553 0073 (day) or (071) 328 0931 (evenings and weekends) or send your cv in complete confidence to 16-18 New Bridge Street, London EC4V 6AU. Or fax (071) 353 3908.

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MAJOR US INVESTMENT BANK

requires key professionals

Fixed Income Operations

Our client, a leading US Investment Bank, is extending its Fixed Income business to increase volumes and levels of sophistication. As a result it is currently looking for two experienced fixed income professionals to enhance and develop its operations team. Aged 25-35, candidates must have a minimum of four years' experience gained across a broad range of fixed income products.

SENIOR OPERATIONS MANAGER

c.£45,000 + Bonus + Benefits

Managing and developing the fixed income settlements function, you will be expected to provide a more effective and efficient service to the business managers. The role will also involve identification and implementation of any systems or organisational changes required. Candidates must show good financial awareness and understand the dynamics of trading activities and their impact on the business.

Candidates must have strong communication, technical and analytical skills along with the ability to understand new products and their operational, financial and business implications. Individuals with confidence, self motivation and ambition will find excellent career prospects within this expanding environment.

BUSINESS ANALYST

c.£35,000 + Bonus + Benefits

This is a consultative role providing business solutions to the operations team. While settlements exposure and systems experience are paramount, an analytical, enquiring mind and a general understanding of fixed income trading and all the associated risks will be equally important.

Interested candidates should contact Sue Mumme on 071-248 3653 (081-673 2549 evenings/weekends) or write, sending a detailed CV to the address below, or use our confidential fax line on 071-248 2814. All applications will be treated in the strictest confidence.

76, Watling Street, London EC4M 9BJ

BBM

Tel: 071-248 3653 Fax: 071-248 2814

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Salary £30k and benefits.

Write Box A1657, Financial Times, One Southwark Bridge, London SE1 9BL

Young Brokerage company seeks

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Please send your application letter to:

Basilio Brokerage Group GmbH
Bahnhofstr. 9, D-4000 Düsseldorf 1
Tel.: 0211/32 33 41

SECRÉTARIAT GENERAL DE SOCIÉTÉS JURISTE

Habroque is a bank with an international orientation and a substantial foreign private client base. The responsibility of an ever growing portfolio of direct investments, particularly in the hotel industry, leads us to seek a new member for our management team who would progress to being fully in charge of the various French companies owned by our clients, holding their investments in this country.

The bank would include the co-ordination of the usual corporate formalities, as well as fiscal, financial and operational assistance to the companies, liaising closely with the management of the underlying businesses and indeed the client shareholders. Board positions could be envisaged in due course. The successful candidate's responsibilities would extend to participation in the structuring, and documentation of our clients' new acquisitions both in France, and increasingly abroad.

We would look forward to hearing from individuals whose technical competence, experience, and international outlook could allow them to become an integral part of our team.

Fluency in English is essential, and computer literacy would be a plus. The successful candidate, probably aged under 40 years, will be offered a salary commensurate with the responsibilities of this post.

Please address your curriculum vitae, under cover of a handwritten letter to Mr. Richard Nollath at the address below.

HABROQUE S.A.

38, avenue Pierre Larousse, BP. 25708, 75384 Paris Cedex 08

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Strong energetic leadership qualities, good organizer, willingness to accept hands on role, good eye for detail, flexibility and confident manner with customers, will all have to be demonstrated.

Age not a barrier provided relevant experience can be shown. Salary negotiable, c. £30,000 usual benefits except mortgage subsidy.

Please contact Box A1655, Financial Times, One Southwark Bridge, London SE1 9HL

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Equity Research

Emphasis will be placed on the ability both to conduct original research and to talk with authority to the Bank's international clients. Thus, we are seeking highly professional individuals with 2-5 years experience in their sectors. Competitive salaries and benefits will be offered to the successful candidates.

Contact Nigel Haworth or Martin Symon on 071 623 1266.

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP
Telephone 071-623 1266 Facsimile 071-626 5259

JONATHAN WREN EXECUTIVE

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The Vodafone service opened in the UK in 1985 and since then business has grown significantly with turnover currently over £500 million, profits c£245 million and over 2500 employees. There are now a number of overseas operations particularly in Western Europe.

The Group, quoted in London and New York, has a market capitalisation c£4 billion placing it in the top 50 of UK companies. Fully demerged from its former parent the Group forecasts exciting future growth.

This new appointment arises because of the Group's changed corporate structure and carries responsibility for providing technical and policy advice to the Pension Scheme Trustees and for the overall management, communications, scheme accounting and day-to-day administration of three pension schemes.

The Group Pensions Manager reports to the Personnel Director and should:

- be aged between 33-45; educated preferably to degree or equivalent level or having an appropriate professional qualification.
- have at least five years' experience in senior pension management roles in a company environment, preferably in lively fast-moving businesses.
- be experienced in handling relations with scheme trustees and external advisers.
- have a friendly personality with a demonstrable interest and capability in the communications aspect of pensions work.

This is a rare opportunity to join a major international business at senior level and establish a function from scratch. Prospects are excellent and success will be rewarded in line with the Group's continuing growth and profitability.

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Full re-location package will be offered where necessary. Initial meetings will be arranged locally, possibly outside office hours.

Write briefly or send C.V., to John Hearn at this address:-

Hearn Healy & Partners

Management & Recruitment Consultants
50 Pall Mall, London SW1Y 5JQ
Tel: 071-930 3455

PORTFOLIO AND OPERATIONS MANAGEMENT OPPORTUNITIES



INTERNATIONAL FINANCIAL SERVICES CENTRE, DUBLIN

Our client is the investment management arm of the Pfizer Group which is also establishing its global banking operations in the International Financial Services Centre in Dublin. We have been retained to recruit a General Manager - Portfolio and an Operations-Compliance Manager for this subsidiary.

Reporting to the Chief Executive officer the General Manager - Portfolio will be responsible for managing a Stg investment portfolio, formulating solutions to treasury/investment management issues using appropriate money market instruments.

Candidates should possess a third level qualification in a business related subject and have at least five years' experience in portfolio and liquidity management, interest rate and currency gap management and trading activities. (Ref. No. 4399)

The Operations-Compliance Manager will be responsible for directing the company's activities to ensure compliance and completeness in the interpretation and implementation of company policies. Further responsibilities include coordinating all administrative functions, preparation of the budget/operating plan and quarterly budget reviews, and supervision of the nostro accounts and money transfer activities.

Candidates should be business graduates with at least five years' experience in institutional investment / treasury operations and accounting systems. (Ref. no. 4400)

An attractive remuneration package, including normal banking benefits and reflecting the seniority of these positions will apply.

Candidates should send full personal, career and salary details in strict confidence, by facsimile to Dublin: 353-1-7081122, or alternatively forward details to Brian Ward, Director, Stokes Kennedy Crowley Management Consultants, 1 Stokes Place, St. Stephen's Green, Dublin 2, Ireland, quoting the appropriate reference number.

KPMG Stokes Kennedy Crowley

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We need an additional dealer for execution of client orders, with a particular emphasis upon European equity and bond markets. A background in Far Eastern equities might also be relevant. The position demands extensive liaison with the fund managers.

Candidates are likely to be in their twenties with at least three years relevant dealing experience preferably in a banking environment.

Please send full career details to
Sally Mew, Personnel Manager
Union Bank of Switzerland
100 Liverpool Street
London EC2M 2RH

Union Bank of Switzerland

We are a wholly owned subsidiary of a large Finnish investment company with stability and financial strength, committed to the financial services industry. The London office specialises in options market-making and futures trading with emphasis on systematic analysis and advanced risk management.

We delegate full responsibility to our traders and concentrate on the individual.

FUTURES TRADER

We are looking for a skilled trader with at least two years experience of trading his/her own book in major futures markets and/or FX. The successful candidate must be able to take full responsibility for both analysis and trading implementation.

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We are looking for a trader/market-maker with at least two years experience of trading an options portfolio. You will take full responsibility for running your own book.

We offer a fixed salary of £30-35k plus 15-25% commission.

To apply, please telephone 071-581 4888 and request an Application Package or write to: Servisen (UK) Ltd., Mr Olof Neiglick, 178 Brompton Road, London SW3 1HQ.

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In this post you will teach undergraduate courses and be a major contributor to the new MSc in International Business Economics. You must have experience in a multinational business or financial institution and show evidence of contributions to research and consultancy. We would particularly welcome applications from women and black people who are under-represented at this level in our workforce. Salary will be in the range £11,800 - £23,100 and we are wanting to appoint in the lower half of the range. For an informal discussion about the post please contact Professor Peter Glasner on Bristol 763868. For further information and an application form, to be returned by 25th October 1991 please ring our 24 hour answer-phone service, Bristol 763813, or contact direct Personnel Services, Bristol Polytechnic, Coldharbour Lane, Frenchay, Bristol BS16 1QY on Bristol 763810. Please quote reference L/663

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Probably an economics graduate aged 27 to 35, the ideal candidate will have experience of econometric modelling in a similar role with a large blue-chip organisation. Equally important is a high degree of credibility together with the communications and presentation skills necessary for contact at board level.

In addition to an excellent salary, benefits include fully expensed car, pension scheme, private health plan and relocation where appropriate.

Applicants should write enclosing full curriculum vitae to: Norman Bell quoting ref. 147363/ndb.

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Telephone: 0483 64857 (24 hr) Fax: 0483 300994

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Assistant Group Treasurer

We are a leading and long established International Finance and Trading House operating as traders, brokers and investment managers. We have extensive operations worldwide and are now looking to recruit an additional member to the Group Treasury team, based in London.

You will assist in maintaining and developing relationships with banks worldwide, and sourcing, negotiating and committing country risk availability.

You should have proven negotiating skills with a variety of different nationalities; credit training; knowledge of futures markets and the associated risks and the ability to

structure documentation and negotiate same with legal executives. A knowledge of financing Eastern European trade would be an added advantage.

The compensation package includes a basic salary, a car and a performance related bonus, in addition to other large company benefits.

To apply in strictest confidence, please send your CV to our Response Managers at Austin Knight Consulting, Knightway House, 20 Soho Square, London W1A 1DS. Please quote reference number 33S/JRG/91. Any companies in which you are not interested should be listed in a covering letter.

Austin Knight

Deputy Managing Director

EFIC is the Australian Government's official export credit agency providing internationally competitive finance, financial guarantees and non-payment insurance to facilitate national exports and insurance against certain risk for Australian investors in offshore enterprises. Accordingly, it is a major contributor to the enhancement of Australia's exports.

EFIC, currently an arm of the Australian Trade Commission will, from November 1991, become a separate statutory Corporation with a Board of Directors chosen from the private and government sectors.

The Managing Director, as a member of the Board, will be responsible for the management and strategic development of the Corporation. Ideal characteristics should include a record in providing leadership and corporate direction to a major private or public sector corporation, either within Australia or internationally. An extensive knowledge of trade finance, international business, Australian Government trade policy and the machinery of government are also essential.

The Deputy Managing Director will support the Managing Director and be responsible for the technical operation of the Corporation. Candidates for this position will have a strong background in general management and a knowledge of the products, pricing methodologies, and client service strategies offered throughout the banking and credit insurance industries.

Remuneration packages will reflect the very senior levels and critical importance of these appointments.

Applications in writing should be forwarded in confidence, by 31st October, 1991, to the Consultants assisting with these appointments.

Amrop International
Level 9, 155 George Street,
Sydney, NSW 2000, Australia.
Facsimile: 61 2 247 2757.

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On behalf of a major investment bank we seek a senior financial futures broker to market/sell US and European products (LIFFE, MATIF, CBOT, CME, DTE) to an Italian and Spanish client base. Applicants should have a good academic background, at least 2/3 years relevant work experience and the ability to speak either Italian or Spanish.

Please contact Timothy Sheffield on 071-623 1266.

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
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Telephone 071-623 1266 Facsimile 071-626 5259

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Director International Business Development

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To effectively meet the challenges presented above, you must possess 15 years of marketing and business development experience plus outstanding communications skills. Fluency in German or French is desirable.

We offer an extremely competitive compensation package. Please forward your resume with salary history and requirements to: Putnam Advisory Company, Ltd., Attn: Sarah Kinnersley, Pollen House, 10-12 Cork Street, London, England W1X 1PD.

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With a focus on specialised products this Frankfurt based International Asset Management Company has an opportunity for an experienced Equity Manager.

In addition to responsibility for Key European Markets the successful candidate will be expected to play a role in the formulation of investment strategy and to contribute to global asset allocation decisions.

The candidate is likely in his/her early Thirties and has at least 5 years experience in managing Discretionary European Equity Accounts. First rate interpersonal skills are required as well as the ability to work as part of a team.

If you are interested please send your CV plus salary details to our advisor Mr. Thomas Hock, c/o Arthur Anderson & Co. GmbH, Nymphenburger Str. 1, 8000 Munich 2, Germany.

SWITZERLAND

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from 22 countries

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Operations Support Area

of its Banking Department which is responsible for settlement of the bank's operations in the international money and capital markets.

Qualifications:

- Aged around 25.
- Fluent English.
- Working knowledge of French and/or German.
- Experience in Back Office work including accounting aspects.
- Knowledge of security settlements would be an advantage.

Recruitment will take place on the basis of an initial two-year contract.

The Bank offers attractive conditions of employment in an international atmosphere and excellent welfare benefits.

Candidates should send their application, together with a recent photograph and references to the Personnel Section, Bank for International Settlements, 4002 Basle, Switzerland, quoting Reference No. 91091.



James Capel

Investment Strategist

This leading international investment house is expanding its UK equity market strategy team and is seeking a junior team member to develop statistical analysis and eventually present research to clients. The role also involves a sizeable amount of editorial production work. The ideal candidate will be a trained accountant, preferably aged between 25-35, with experience in the UK equity market, who wishes to develop his/her experience in this area. S/he should possess the following:

- * Working knowledge of major UK quoted companies.
- * Proven skills in the analysis of company accounts.
- * An understanding of economics.
- * Basic personal computer skills (spreadsheet, wp).
- * Fluent writing and editing skills.
- * Aptitude to present financial information to a searching audience.

Please send a CV indicating salary and daytime telephone number, and include a short piece on some aspect of the UK equity market to:
Sara Greve, Personnel Officer, James Capel & Co. Limited,
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Residential Schools (OBS/4), Tutor Office,
Open University, P.O. Box 82, Milton Keynes MK7 6AL.

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1st November 1991.



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Svenska International plc — MERCHANT BANKERS — CORPORATE FINANCE

Svenska International plc is the London based investment banking subsidiary of Svenska Handelsbanken, one of the largest Swedish banking groups. We are currently expanding our international Corporate Finance department, and are seeking to recruit bright and enthusiastic young graduates wishing to develop their careers in an entrepreneurial environment where the primary focus is on cross border Nordic/European business. A premium will be placed on strong quantitative skills, and fluency in one or more European language besides English will be an advantage. Remuneration will be competitive.

Please write enclosing full C.V. to:

Richard Parsonson
Svenska International plc
Svenska House
3-5 Newgate Street, London EC1A 7DA

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Please apply in writing to:
Sarah Agar, Euro Brokers Capital Markets Ltd
Adelaide House, London Bridge, London EC4R 9BQ

LOGISTICS MANAGER, age 45,

with sixteen years previous experience in the electronics industry, a.o. as corporate purchasing officer, factory materials manager and sales manager, seeking form employment preferably in SCANDINAVIA and/or FINLAND. Most European languages spoken (7 in total). Ample travel experience throughout the world. Finnish B.Sc. (econ.) marketing degree. International logistics courses 1977, 1980, 1983. APICS Master Planning 1985. For detailed C.V., please contact: Mr Rense 't Hooft, facsimile number (INT)-358-0-8043810.

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Please write in the first instance enclosing CV and indicating details of your current commission income to:

Richard A Grossman, Redmayne Bentley, 12 Wall Court, London EC4M 9DN.

All replies will be treated in the strictest confidence.

MERCHANT BANKING OPPORTUNITY

The London office of a European merchant bank has an opening for a junior / entry-level position. The ideal candidate will be fluent in German and have one year or more experience in providing analytical support for merger and acquisition new business development and transaction processing. Computer modelling and spreadsheet analysis (Lotus 1-2-3), word processing as well as knowledge of accounting are a distinct advantage. Familiarity with certain financial information databases, a plus, but not a requirement. Interested persons should FAX a cover letter along with their CV to the attention of the Recruiting Coordinator on 071-839-6952.

INTERNATIONAL M & A

Expanding international M&A advisory firm with offices in ten countries globally is seeking an entrepreneurial M&A professional with 3-5 years transaction experience to join its Frankfurt and Paris offices. Firm is a leader in middle-market, cross-border M&A. Please send resume in confidence to us to obtain further information:

Write Box A1634, Financial Times,
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Candidates will be either ACA or CIMA, aged 30 - 50 years, preferably with several years experience in a company manufacturing capital equipment. The selected candidate will be a team player who is capable of making a real contribution to the future success of the business.

Attractive benefits include a competitive salary, bonus scheme, two litre car, life and medical cover, contributory pension scheme and relocation expenses if appropriate.

Please send your career and current salary details, together with a daytime telephone number, to Richard Brasher at the address below.

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MKA**COMPUTER ACCOUNTING**

Qualified Accountant is required by medium sized PLC clothing company.

Candidates should have 5 years' post qualification experience with emphasis on computer information systems and their installation.

Preferred age 30 - 35

Package will include car, medical insurance and salary circ. £30K.

Please send current C.V. to Box A1659, Financial Times, One Southwark Bridge, London SE1 9HL

ACCOUNTANCY COLUMN**The unsatisfying language of the status quo**

By Roger Davis

THE newly formed Auditing Practices Board (APB) has issued its first suggestions for closing the so-called "expectation gap" between the public perception of an audit and the reality of current practice.

The proposal is for an expanded audit report to explain what the auditor does. The disappointment will be that it is written in the unsatisfying language of the status quo.

In their consultative paper the APB suggests that part of the answer to the expectation gap is substantially to expand the conventional four-line audit report to include a description of the respective responsibilities of directors and auditors for company accounts.

Then, so the theory goes, the public will better understand the role of the auditor - or rather the limitations of the role - and this will lower unrealistic expectations. But are the expectations unrealistic?

For example, in setting out the responsibilities of the directors, the new report would say they should "presume, unless inappropriate, that the company will continue in business".

report. With these proposals the APB is only seeking to close the expectation gap from one end - and many will think from the wrong end.

Here, the APB no doubt finds itself in a dilemma. The debate on the role of audit should take place in the context of the wider debate on corporate governance and, in the end, possibly only legislation or some form of code of conduct enforced in the City can extend the role. The Cadbury Committee has been established to examine the financial aspects of corporate governance. Its deliberations are likely to extend to the scope of the audit function.

The APB quite properly wishes to make progress but cannot really do so until those more fundamental issues have been debated. In the meantime their consultative paper will be a useful contribution to that debate.

Two of the most pressing issues are the auditor's role in relation to company failure and - management incompetence, or worse - fraud. Both are rare occurrences, but both have a devastating effect on confidence in the corporate sector generally.

My firm has long proposed two specific actions to address these legitimate concerns.

First, the directors' report should contain a formal statement that the directors have reviewed internal budgets and



Roger Davis

on whether or not it is justified.

Second, in order to ensure a control environment that provides for effective stewardship and minimises the risk of fraud, both the directors and

auditors should report publicly on the adequacy of the company's key financial information systems used in planning and managing the business.

External reporting on systems and controls is also already well established in parts of the financial sector, such as building societies.

My firm is already prepared to provide to management an overall assessment of their controls as part of the audit. Proposals are well advanced in the US to require public reporting on the adequacy of internal controls for businesses generally.

Anyone who doubts the practicality of the first proposal should bear in mind that there is a well proven procedure for directors to report on the sufficiency of working capital in Stock Exchange listing particulars, and reporting accountants usually provide comfort to directors on that statement.

Of course there would be a cost of these proposals, because to support a public statement both management and auditors will need to undertake additional work. Financially sound companies, however, should have little difficulty demonstrating their viability and well-run companies should have systems of internal control which are relatively easy to assess.

The real cost will arise for those businesses which do not

have proper systems of control or are not financially sound. Too often they go together. It is in those companies that the public interest demands that these issues should be faced.

There lies the rub. It is well known that the profession has for some time been under competitive pressure to reduce fees. There is no inherent reason why competition should be any less healthy in auditing services than in any other service: it acts as a spur to efficiency.

There is, however, a danger of reaching the point at which audit is not just cheaper, but cheaper. The time has come for the pendulum to swing.

I believe fervently in the value of independent audit. It provides the credibility essential to the proper flow of financial information in a free market economy.

The debate must therefore shift towards ways of enhancing the value of audit to the community.

I would like to see the emphasis on how my profession can better fulfil expectations. The climate within and without the business community is to raise standards and ethics. Audit is overdue for renaissance. The profession would be wise to grasp the opportunity.

Roger Davis is head of audit and accounting at Coopers & Lybrand Deloitte.

ACCOUNTANCY APPOINTMENTS**Financial Controller****FMCC****c.£50,000+Bonus+Car****N. Home Counties**

This well-respected US corporation, which has an impressive, global reputation for product quality and innovative sales and marketing techniques, continues to remain a dominant force within the consumer products sector. Despite the current economic climate, record sales and profits growth has been achieved across Europe this year. The UK operation, a £220M business, plays a leading role within Europe and is committed to achieving further growth in both established and developing product areas.

There is a need for an outstanding individual to join the finance team and make a key contribution within this challenging and demanding environment.

The Financial Controller will report to the Chief Financial Officer, with responsibility for the provision of financial and management accounting, treasury and taxation consistent with both UK and US reporting requirements. Leading a team of 40 staff, through professionally qualified managers, a key task

will be to achieve improved operational controls and management reporting through the enhancement of management information systems.

A Chartered Accountant, preferably aged 32-38, you will possess the technical competence and professional maturity to lead, motivate and develop a committed finance team. Your post-qualification experience will have been gained within a large corporate environment. A thorough knowledge of UK financial accounting standards, treasury reporting and taxation is necessary, and an awareness of G.A.A.P. reporting is desirable.

The attractive benefits package will include a profit-related bonus scheme, fully expensed executive car, attractive pension scheme and family health care. Prospects for advancement within this progressive environment are excellent.

Interested applicants should write, enclosing a full CV, to James Hyde at the address below, quoting reference number: 061J.

ST. JAMES ASSOCIATES**MANAGEMENT SELECTION**

32 OLD BURLINGTON STREET, LONDON W1X 1LB FAX: 071-287 2821. TELEPHONE: 071-287 2820.

A GKR Group Company

GROUP TAXATION MANAGER**Cheltenham****£32,000 to £40,000 and car**

Dowty, the international advanced technology group has an annual turnover of £750m. There are four divisions based on Aerospace, Electronics, Information Technology and Polymer Engineering businesses.

Based in the Cheltenham headquarters, the Group Tax Department is a vital management function which has, since its establishment in 1988, brought the UK compliance work substantially up to date and documented internal procedures. Involvement in US and Canadian tax planning and compliance has been established and the international holding structure is being reorganised.

The Group Taxation Manager will report to the Corporate Finance Director and have overall responsibility for agreeing UK corporation tax liabilities and consolidating

and extending UK and international tax planning activities.

Applicants should be professionally qualified with at least three years international corporate tax experience in a medium or large accounting firm or industry. The abilities to take a pro-active approach to opportunities and exposures and to communicate complex technical issues to colleagues are essential.

The attractive compensation package will include pension scheme. A relocation package will be available.

If you wish to apply for this appointment please send your CV, including details of your current remuneration to: Pauline Janin, Personnel Executive, Dowty Group Services, Arle Court, Cheltenham, Gloucestershire GL51 0TF, alternatively for an informal discussion telephone Christopher Daws, Corporate Finance Director on 0242 533272.

**Financial Controller**
Malawi Excellent Expatriate Terms

Air Malawi Limited, based in Blantyre, is a well-established airline company which has made a significant contribution to the development of the Republic of Malawi's economy. Our client now wishes to appoint an experienced Financial Controller capable of contributing to the profitable growth of the business.

Reporting directly to the General Manager, the appointee will not only assume overall responsibility for the finance function, but also, as adviser to the Board, participate actively in the company's strategic decision-making process. In addition to the introduction of tighter controls and improved management information, key responsibilities will include business planning, investment appraisal, treasury management and maximisation of staff potential.

Applications are invited from qualified, commercially-orientated accountants whose track record demonstrates a capacity to manage change. Experience of an entrepreneurial multi-currency service company is essential, and a knowledge of air transport desirable. Vital personal attributes include a robust, adaptable character, a persuasive, professional manner and a sense of humour.

The comprehensive remuneration package comprises negotiable tax free salary of c.£35,000, well furnished, staffed and attractively situated accommodation, fully expensed car, 25% tax-free gratuity on completion of each three year contract, and substantial assistance with educational fees. Blantyre boasts excellent recreational facilities and Lake Malawi and other idyllic resorts offer numerous leisure attractions.

Please write, in confidence, enclosing full career and salary details, to Tim Knight, quoting reference A8052.

KPMG Selection & Search

2-3 Dorset Rise, Blackfriars, London EC4Y 8AE

Tax Partner
Central Region**A broader challenge for an ambitious specialist**

An extensive client portfolio, a commitment to quality service, a strong network of offices and fee income of £100 million in 1990. This is Grant Thornton in the UK.

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The primary role of the Tax Partner will be to lead the provision of tax and business advisory services to new and existing clients. Business expansion and maintenance of technical standards are both key objectives of the position.

You will be expected to play a broad role by supporting the Office Managing Partner (and your fellow partners) in the strategic development of both the office and the region, through active involvement in the tax practice.

To meet our requirements you will be a professionally qualified Tax Specialist who has a broad base of tax experience, but with a particular focus on the provision of tax advice to private clients and companies.

Aged in your early 30's you will have several years relevant experience at a senior level with significant client exposure. Total commitment to meeting your clients' needs, coupled with the technical and professional capabilities to deliver quality service are vital prerequisites for this appointment.

Drive and enthusiasm will be evident in everything you have achieved so far. The compensation package and benefits will be geared towards appointing a high calibre candidate.

For further details please send comprehensive CV including salary history to: Derek Holding, Regional Personnel Director, Grant Thornton, 1 Westminster Way, Oxford OX2 0PZ.

Grant Thornton
PARTNERS IN ENTERPRISE**EUROPEAN FISCAL DESIGN AND OPTIMISATION**
Thames Valley
c. £45,000 + Car + Extensive Benefits

Having consistently demonstrated an enviable track record both in terms of growth, market share and profitability, this major high technology group is committed to further developing its success based upon employing continual technical innovation allied to a strong commercial awareness of the markets within which it operates.

An important feature of its management structure has been the influence and impact that its finance function has with particular reference to strategy and long term planning within the Group.

In order to further strengthen its breadth and depth of expertise within the area of Group finance, the organisation is now keen to recruit an individual who will be responsible for the establishment and development of a function dedicated to address areas relating to risk analysis, fiscal control, transfer pricing and profit allocation.

Reporting to the Chief Financial Officer of the organisation's worldwide distribution operation, you will be responsible for initiating and controlling a number of projects relating to the Group's European operations with a particular emphasis on operational tax planning and long term strategy.

As a new role, the position will require the intellectual and perceptive attributes of a highly motivated individual able, on occasions, to cut through red tape, allied to proven analytical and financial acumen gained from within an international company environment.

Aged in your late 20's to mid 30's with either an accounting or international finance background, having already gained demonstrable experience in a similar functional activity, you should now be keen to further develop your career and expertise in a rapidly evolving group of companies.

Interested candidates should contact Charles Austin on 071-629 4463 (day) or 0234 262195 (even) or write enclosing a full curriculum vitae to the address below quoting Ref CA342.

HARRISON WILLIS

EXECUTIVE SEARCH & SELECTION
Cardinal House, 39-40 Albemarle St., London W1X 3PD. Tel: 071-629-4463
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THE CITY & HACKNEY HEALTH AUTHORITY PROVIDER UNIT
DIRECTOR OF FINANCE

Health Services in this major London teaching District are managed as one unit and include St Bartholomew's, St Mark's, Hackney and Homerton Hospitals together with the Community Services.

We are looking for an enthusiastic and dynamic person to lead our finance function and to make a significant contribution to organisational success. The person appointed will be a member of the executive board and report to the Chief Executive. Ideally candidates should hold a recognised accountancy qualification, have substantial experience at a senior management/board level in a large organisation, and demonstrate an ability to adopt modern accounting techniques to an NHS environment. Candidates should also have a wide ranging understanding and experience of the application of information technology.

Considerable diplomatic and persuasive skills will be needed together with knowledge of and sensitivity to the particular problems and complexities of NHS.

Salary negotiable.

Please send a career resume including a daytime telephone number and your reference number SM599 to Stella McIlroy, Director of Human Resources, Hackney Health Authority, 2nd Floor, Queen Mary Wing, St Bartholomew's Hospital, West Smithfield, London EC1A 7BE. Tel: 071 601 8100.

Closing date: 4th November 1991.
Working Towards Equal Opportunities

Financial Controller

Health Care

To £35,000

North London

Excellent career opportunity for an experienced finance manager to undertake a new senior role in an organisation committed to health care excellence. Critical role supporting the Finance Director implementing the tight financial controls necessary to underpin future development.

THE COMPANY

- Major, multi-site health and hospital group. Annual revenue £50m.
- Forward thinking Executive Board with clear objectives.
- Dedicated central finance function undergoing period of change and enhancement under new Finance Director.

THE POSITION

- Full responsibility for financial and management accounting and control. Reports to Finance Director.
- Manage and develop finance team of 35 through 5 experienced direct reports.

- Develop and implement effective financial controls and MIS, building on existing systems.

QUALIFICATIONS

- Accountant, aged 30+, with at least 5 years' commercial experience in a multi-unit organisation.
- Financial management experience at senior level including development of computer systems.
- Well developed interpersonal and management skills. Highly motivated and enthusiastic.

Please reply in writing, enclosing full cv, Reference SK4149

54 Jermyn Street, London, SW1Y 6LX

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Group Finance Director

Commercial Vehicle Manufacturer

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North West

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THE COMPANY

- Well respected British Plc. Principal interests in manufacturing, vehicle leasing and distribution.
- Strong brand name. International presence.
- £100 million turnover, 850 UK employees.

THE POSITION

- Full plc financial management including accounting, corporate finance, treasury, tax and strategic planning.
- Representation to Bankers, Investors and City.
- Company Secretarial pensions and legal.

QUALIFICATIONS

- Graduate chartered accountant with previous responsibility for a finance function in manufacturing.
- Experience at or near the centre of a plc with exposure to consolidation, treasury and group transactions.
- Commercially orientated with drive, energy and personal presence.

Please reply in writing, enclosing full cv, Reference MK4046

Courthill House, Water Lane,
Wilmslow, Cheshire
SK9 5AP

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This international group of companies has continued to grow rapidly over the last decade, enabling them to maintain worldwide leadership in niche markets.

Operating autonomously from the group, this business unit supplies hi-tech equipment to a blue chip client base. The company has identified the need to raise the profile of the finance function in order to increase its contribution to the general management of the company.

Reporting to the Financial Controller, the Chief Accountant will be responsible for providing a full

professional financial and management accounting function. In addition to this, the successful candidate will be expected to contribute to the overall management of the business.

Duties will include:

- management of all monthly reports
- development of financial management controls
- budgeting/forecasting/planning
- motivating a professional accounts team.

The role will also involve an extensive overhaul of the current costing systems and development of a new integrated accounting system.

ROBERT WALTERS ASSOCIATES

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RELDAN

Financial Director (Designate)

South Bucks

Reldan, a well known fashion company seeks to appoint a Financial Director (Designate) to assist in the prompt production of monthly accounts, budgets and financial management information.

Initial objectives will be to improve management reporting and implementation of enhanced computerised accounting and information systems. The post demands applicants from commerce or the professions who have already made positive achievements in the financial function combining determination and the depth of personality to develop within an exciting Group.

An attractive remuneration will be commensurate with the responsibilities involved.

Please reply enclosing a career resume in confidence to
The Chairman, Reldan Limited,
30 Wallington Road,
High Wycombe, Bucks HP12 3QD

FINANCIAL ANALYST

Surrey

£25-30,000 + FE Car + Bens

Labatt Breweries, a leading force in the drinks, entertainment and food industry, is a fast-growing international company seeking to expand its operations within Europe.

As a result of internal promotion, a challenging position has arisen for an ambitious qualified Accountant reporting to the Director of Finance. This is an attractive opportunity for the successful candidate to make a real contribution to the development of the company during this period of exciting and rapid change. Encompassing some international travel, responsibilities will include the review and analysis of financial reporting, forecasts and budgets for the company's European activity. You will also be involved in the review of company business practices and recommending changes where appropriate. This high-profile role includes the provision of financial advice and support to the European management team.

As a key member of this powerful management team, you will need to display a high degree of flexibility, astuteness and commercial vision. Aged mid 20's to early 30's, you will be of graduate calibre with excellent interpersonal and communication skills and a common sense approach.

Please apply directly to Frances McCutcheon at Robert Half, Freeport, Princess Beatrice House, Victoria Street, Windsor, Berks SL4 1YY. Telephone: 0753 857777, or evenings on 0344 886662. Alternatively, fax your details on 0753 846166.

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ROBERT HALF
THE HUMAN FACTOR

Opportunity in Acquisitions

Since privatisation the water industry, as a whole, has been going through a period of rapid change and expansion. The continuing growth within Northumbrian Water Group plc has created an exciting opportunity for a high calibre Accountant to join a young and progressive business development team, who are currently pursuing targets for acquisition, joint ventures and the creation of new commercial operations.

As a qualified member of the Association of Chartered Accountants, you will have a good Honours degree and two to four years post qualification experience with one of the "Big 6" Accountancy firms, having specialised in corporate finance, mergers and acquisitions or possibly taxation.

Essentially the work will involve the proactive identification of business development opportunities, the financial and commercial analysis of proposals, interviewing, and negotiating with, proprietors of target companies and managing the deal process to completion.

Candidates must therefore be highly numerate and possess excellent interpersonal and communication skills. The ability to compose concise written reports describing the risks and rewards of business development proposals is essential.

Progressive career development opportunities are available throughout the group and the position offers the senior level benefits expected of a large employer.

Interested applicants should forward their CV, quoting ref. RT/1544 to Rosemary Taylor, PCR Human Resource Consultants, Eldon House, Regent Centre, Gosforth, Newcastle upon Tyne, NE3 3PW. Telephone: (091) 213 0990.

CPCR
HUMAN RESOURCE
CONSULTANTS

Financial Controller

Contract catering from BET

Bracknell, Berks

c. £30,000 + Car + Benefits

The Company

- A part of BET, one of the world's ten largest service companies.
- BET Catering Services Limited is a rapidly growing organisation providing contract catering to education and business sectors.
- The first private company to win a £multi-million contract with a local council to provide catering services.
- An organisation at an exciting stage in its development, possessing an extremely dynamic operating environment and poised for tremendous growth through creative marketing and progressive management.

The Role

- Key member of a high-calibre management team.
- Full responsibility for management of the finance function for the division including the financial and management reporting.
- Involvement in planning and forecasting as well as profitability analysis, cash management and contract costing.

- Continued design, implementation and management of information systems.
- Staff guidance and training.

The Individual

- Qualified accountant, aged 27-35, with several years' experience in a fast moving, high growth environment.
- High-calibre individual with a sound track record of experience in a multi-functional environment.
- Ability to develop the business through an entrepreneurial approach.
- "Hands on" computerised systems development experience, particularly knowledge of Tetra packages.
- Commercial outlook, excellent interpersonal and staff management skills.

Interested candidates should submit CVs to the advising consultant Sajid Baloch, MBA at Michael Page Finance, Windsor Bridge House, 1 Brocas Street, Eton, Berkshire SL4 6BW.

Michael Page Finance

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HABITAT UK

Finance Director

£ Highly competitive + car

A major High Street presence for nearly three decades, Habitat has now completed an exhaustive review of its design led products, to ensure our continuing success. With a network of stores across the country, a strong and highly motivated management team and considerably enhanced systems support, we are now looking for a Finance Director to add their commercial experience and drive to the Board.

Based at our UK Head Office in Oxfordshire, the successful candidate will have the necessary portfolio of skills and the stature to make a major contribution to the running of our business.

It is probable that you will have extensive retail experience, and you must be appropriately qualified with strong line management skills.

Please send your full CV, including details of your current remuneration package, to: Mike Langley, Group Personnel Department, Storehouse Plc, 196 Tottenham Court Road, London W1P 9LD.

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Finance Director

North Midlands,
£40,000 Package

This progressive consumer goods manufacturer which has a turnover of £20m is part of a large and dynamic plc. Due to the continued growth of the business they now seek to recruit a finance professional of the highest calibre to assist in guiding the company through this exciting phase of their development and beyond by implementing new data processing systems and improving management reporting in a fast moving environment. Reporting to the Managing Director the key responsibilities will be to ensure tight financial control and management, the monitoring and reviewing of results and advising the Managing Director on all financial matters. A very active participation in the key business and strategic decisions of the company is required. Preferably aged 30-40 you will be a qualified accountant with a minimum of three years experience in a senior financial role within a manufacturing environment. It is essential that you have well developed communication skills, are commercially aware and can demonstrate a hands on approach. In addition to the highly attractive package assistance with relocation will be given where appropriate.

Male or female candidates should submit in confidence a comprehensive c.v. to, G.J. Deakin, Hoggett Bowers plc, 13 Frederick Road, Edgbaston, BIRMINGHAM, B15 1JD. 021-455 7575, Fax: 021-454 2338, quoting Ref: B18269/FT.

Hoggett Bowers

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Financial Professionals

Career development opportunities in the Middle East

Tax Free Salary + Benefits

Kuwait

Our client is one of the foremost private groups in the Middle East, with an impressive multi-million turnover generated from the diverse range of products and services it provides.

Attractive career opportunities now exist for financial professionals within some of the largest of the individually-managed product groups within our client's organisation.

Group Financial Controllers

These senior appointments, within the Automotive Sales & Service Group and another strategic division, report to the Corporate Controller. Heading a professional team, you will be responsible for providing essential financial advice and services to the Operating Vice President and General Managers and will make a key contribution to the direction and management of the business. As well as planning and co-ordinating the Group's budget and business plans, you will have involvement in

strategic planning and development, together with the development of effective computerised systems and procedures.

A qualified accountant or finance-oriented MBA, you should have proven, broadly based accounting experience, gained at a senior level within a large, multi-product company. A high degree of business acumen, together with excellent analytical, communication and planning skills are essential requirements for success in this role. Ref: 1283/17.

Finance Managers

Reporting to the Group's Financial Controller, you will provide a full financial service to one of the General Managers. A qualified

accountant/MBA, your background will be similar to the above position but at a less experienced level. Ref: 1283/18.

In addition to an excellent, negotiable tax-free salary, the package of expatriate benefits include housing allowance, bonus, paid air fares, car subsidy, medical and insurance cover. Excellent opportunities exist for career progression.

Please write with full career and salary details, quoting the appropriate reference number. These will be forwarded direct to our client. List any companies to whom your application should not be sent. Ghassan Yazigi, MSL Group Limited, 32 Aybrook Street, London W1M 3JL.

MSL International

CONSULTANTS IN SEARCH AND SELECTION

Finance Director

Market leading £10m+ turnover manufacturing company

c£35,000 + bonus, options & car

North West

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Reporting to the Managing Director and with a staff of around 20, you will provide business flair and practical financial leadership to the Board across a wide spectrum of business activities. These range from ... financial and management planning and control to strict deadlines, complex manufacturing costing, systems development, through to new product and business development and company acquisition evaluations.

Aged in your 30's and CIMA or ACA qualified, you will have relevant management experience in manufacturing industry and be familiar with providing and leading the use of proactive business data in support of profitable financial growth. We seek a tough, logical, good communicator who will operate well within a strong and effective team and will play a significant role in the company's continued success.

The package includes a salary of c£35,000, bonus, share options, fully expensed executive car and other benefits, including relocation assistance if appropriate.

Please write with full career and salary details - in confidence - to David Mather, reference 31130, MSL Group Limited, Sovereign House, 12-18 Queen Street, Manchester M2 5HS.

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

REGIONAL FINANCIAL CONTROLLER

Admiral Homes, the fastest growing housebuilder in the UK, with 12 new developments in the past year, is expanding and shortly opening a regional office in the Hampshire area. This creates an opportunity for a qualified accountant whose ideals of hard work and high standards match our own. The right person will be able to demonstrate initiative, a hands on style of management and be computer literate. The position will require an initial spell in Luton.

You will, of course, expect something in return for the commitment we seek and Admiral acknowledges this with an excellent financial package.

Please write to: Derek O'Neill ACMA, Admiral Homes Ltd, Jansel House, Stopley, Luton LU2 7XJ.

Admiral Homes

AT HOME WITH A NAME YOU CAN TRUST

International Group Taxation Manager

Thames Valley c£50k

Our client, a major international Group, has recently undergone a strategic re-alignment of its core business and is now in a strong position in its UK, US and other worldwide operations.

The Group Taxation Manager will work closely with the Group Finance Director on project related activities and will be responsible for ensuring effective and economical compliance across the full range of UK, US and overseas taxes. In addition working closely with key colleagues from other disciplines, the successful candidate will devise and implement tax planning initiatives worldwide and provide tax advice on Group organisations, disposals and reorganisations.

The ideal candidate will be a graduate Chartered Accountant/Tax Specialist with experience in an international business.

A mature approach and well proven communication skills at executive level are pre-requisite and should be coupled with the initiative to undertake projects with substantial tax exposure. The post holder will be expected to undertake considerable overseas travel.

A competitive package, including relocation where necessary is offered and salary will not be a limiting factor for the right candidate.

If you have the skills and experience we are seeking, please write with full CV to Mavis Woud, KPMG Management Consulting, Linacre House, Southernhay East, Exeter EX1 1UG. Tel: (0392) 211661.

KPMG Management Consulting

GROUP FINANCIAL CONTROLLER

SURREY

Our client is a division of a \$3.6bn turnover corporation, currently developing a cable television and telephone network across the U.K. With the assistance of seasoned executives from the States, where the parent company leads the cable T.V. field, and with construction already taking place in four of the franchise areas, this division is now set to dominate the U.K. market. Consequently this company is at the beginning of a considerable period of growth and a requirement for a senior financial executive has been identified.

The Group Financial Controller will report directly to the Finance Director, with responsibility for the development of accounting policies, procedures and controls, consistent with both U.K. and U.S. reporting requirements. This will involve the preparation of statutory and management accounts for the Group and associated companies and the provision of financial information to the corporate offices and Partnership Bank syndicates. Other areas of responsibility will include the implementation of a computerised accounting system, the supply of financial guidance to the individual operating entities and effective development of a financial team of twenty, who will report directly to the Group Financial Controller.

The successful candidate will be a graduate Chartered Accountant, with acute commercial awareness and at least three years experience gained within a service industry. The individual will possess both the motivation to develop systems and a working knowledge of U.S. GAAP requirements. The role demands the interpersonal skills and experience to interface at the highest levels in both U.S. and U.K. and to deal with key operational executives. Consequently the successful candidate is likely to be at least 35 years of age. The rewards attached to this position reflect the seniority of the post.

If you feel you have the appropriate experience and are equal to the challenge this position offers then please write, in full confidence, to Ronnie Sull, (Executive Search Division), enclosing a detailed resume.

RICHARD JAMES ASSOCIATES

PREMIER HOUSE, 10 GREYCOAT PLACE, LONDON SW1P 1SB.
TELEPHONE: 071 222 8866, 071 222 8037/8. FAX: 071 235 1759. TELEX: 081 941 3609

ROBERT HALF
Financial Recruitment Specialists

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

INVITE YOU TO A BUSINESS BREAKFAST CURRENT TRENDS AND ISSUES IN EXPATRIATE REMUNERATION

ON TUESDAY 22ND OCTOBER 1991
8.30AM - 9.30AM
AT THE SAVOY HOTEL
STRAND
LONDON WC2

The talk will be given by Compensation Specialist Brian Brooks, of international consultants Towers Perrin.

The Breakfast Briefing will cover:-

- Review of Current Multinational Practice
 - US Multinationals
 - European Multinationals
- Changing Environment
 - The impact of 1992
- Re-thinking Policies
- Major Trends in the 1990's

Brian Brooks is a Principal of Towers Perrin and is based in the London consulting office. Previously, he was Compensation Practice Leader for Towers Perrin in New York. Brian has managed major consulting assignments for a variety of clients in the areas of global incentive compensation programmes, sales incentive plans, international equity programmes, tax-effective compensation planning, expatriate remuneration policies etc. A regular speaker, Brian has also published a number of articles on subjects related to international compensation management, including the implications of 1992.

Please note that places at the Breakfast are strictly limited.

If you wish to attend the Business Breakfast, write to Rachelle Nelson at Robert Half, Freeport, Walter House, Bedford Street, 418 The Strand, London WC2R. (Telephone: 071-836 3545).

FINANCE DIRECTOR

WEST LONDON

c£35 - £40,000 PACKAGE

Continued growth in a highly competitive market place has created an exceptional opportunity within a leading International media and communications Group.

Reporting to the Group Finance Director in New York and with dotted line responsibility to 2 subsidiary Managing Directors the role focuses on the enhancement of Financial Control and Management Information for three Group companies.

This will include full responsibility for all aspects of financial and management reporting, profitability analysis, treasury and taxation issues as well as the co-ordination and management of a small finance function.

The successful candidate will be either a qualified or part qualified accountant with first class experience gained from a small to medium sized organisation.

Strong technical skills and a mature and

uncompromising approach to commercial issues are essential qualities for this role. An extrovert personality along with a practical and enthusiastic approach to team building are also vital attributes.

Long term career prospects within the Group will be limited only by personal ability. Interested applicants should write to Simon Hewitt, enclosing a detailed CV, at Robert Walters Associates, 25 Bedford Street, London WC2E 9HP.

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR BIRMINGHAM BRUSSELS ANTWERP AMSTERDAM

GROUP FINANCE DIRECTOR HUMBERSIDE CIRCA £40K PLUS CAR

For an expanding USM quoted Group of Companies engaged in stevedoring, transport and warehousing. The Group has a turnover of £20m and has ambitious plans for further growth.

Reporting to the Chief Executive, you will have full responsibility for the Group's financial and secretarial affairs, with key emphasis on the development of a sound management information system and the assessment of new business opportunities including acquisitions.

You will be a highly motivated, commercially astute qualified Accountant with first class technical and interpersonal skills.

Please send full personal and career details, including current remuneration level and daytime telephone number to:

Write to Box A1658, Financial Times,
One Southwark Bridge, London SE1 9HL.

QATAR PUBLIC TELECOMMUNICATIONS CORPORATION (Q-TEL)

Requires to fill the following vacancies:-

1 HEAD OF INTERNAL AUDIT - REMUNERATION C £30K

Responsible for Internal Audit function. Reports to the General Manager. Prepares and revises internal audit documentation. Directs specific audits, reports on audit activity, highlights weaknesses and recommends remedial action. Responsible for reviewing the efficiency of QTEL's financial and management systems and procedures. Ensures conformity of QTEL's financial systems with Government Regulations, Professional Accountancy requirements and QTEL's corporate regulations and procedures.

2 CORPORATE PLANNING OFFICER - REMUNERATION C £24K

Responsible for Corporate Strategy Manager for formulating the business plan commentary for use by all departments in developing their input. Commentary will reflect national socio-economic trends for the plan period together with regional and international trends likely to affect QTEL business. Monitors achievement against plan targets. The successful candidate will have a wide experience of strategy planning particularly an understanding of telecommunications in the national, regional and international context.

3 MANAGEMENT ACCOUNTS CONTROLLER - REMUNERATION C £25K

Responsible to the Finance Manager for budgeting, cost accounting and management information functions. Ensures budgets are complete and accurate and subsequently monitors performance and variance analysis. Issues monthly management information reports to Senior and Line Managers. Advises on project costing, undertakes project investigations including value analyses. Responsible for financial input into various non-financial plans, eg marketing, manpower.

4 FINANCIAL ACCOUNTS CONTROLLER - REMUNERATION C £25K

Responsible to Finance Manager for financial accounting, accounts payable, treasury and international accounts functions. Ensures complete and accurate financial records are maintained in accordance with Qatari Law and professional accounting standards. Ensures proper controls are enforced, including Treasury receipts and authorisation of Suppliers' accounts. Minimises foreign exchange exposure by active treasury management. Ensures regular reporting on QTEL's financial position in conjunction with Management Accounts Controller.

QUALIFICATIONS AND EXPERIENCE REQUIRED

Degree and/or professional qualification appropriate to the position.

The successful candidates will have a minimum of 8 years experience in the particular discipline, three of which shall have been at senior level spent in a commercial customer orientated environment, preferably in telecommunications.

For positions 1, 3 and 4 it is essential that candidates have experience of well developed financial systems, and must be computer literate.

BENEFITS

Attractive tax free salary plus furnished accommodation, 42 days paid leave per annum, air passage for dependent family members, fixed travel allowance, educational assistance allowance and free medical services.



Interviews to be held early November 1991.

Please submit your CV indicating clearly the position applied for and current salary to:
DEPT. QTEL RECRUITMENT INTERNATIONAL LIMITED
Capitall Tower House, Station Parade, Harrogate,
North Yorkshire HG1 1TS



Portfolio

Eastern European
Executive
London £ excellent
+ banking benefits

* Worldwide Organisation * ACA

Our client is a prestigious Financial Services Organisation and has a leading position in each area of the institutional business. Recent years have seen a significant strengthening of their worldwide capabilities. As part of this exciting development, they are seeking to recruit an Executive to perform analysis and project based strategic work. Based in London, the role offers the opportunity of frequent travel to Europe, and as such some Eastern European experience, either in commerce or public practice is required. Candidates should be innovative with the ability to initiate change.

Interested candidates should send a full CV to Peter Mims at Douglas Llamblas Associates, 410 Strand, London WC2R 0NS, or telephone 071 836 9501, quoting reference No. FT31091/A.

Derivative Products

City £30-40,000 + banking benefits

* Merchant Bank - AAA Rated

* Innovative trading philosophy

* ACA + 2 years PQE

A leading international bank seeks a qualified accountant to take on-line accounting and analytical responsibility for complex structured trades within a Swap and Interest Rate Derivative environment. An outstanding opportunity for a bright, commercial, quantitative individual with exceptional interpersonal skills and experience of financial markets. Prospects for advancement are excellent.

Interested candidates should send full CV to Joe Thomas at Douglas Llamblas Associates, 410 Strand, London WC2R 0NS, or telephone 071 836 9501, quoting reference No. FT31091/B.

Corporate Finance
City £ Negotiable

* Growth through a Recession

* UK and International Activity

This leading English Merchant Bank requires newly qualified accountants with an exemplary background and excellent interpersonal skills to join the Corporate Finance department. Promotion prospects are proven and work is varied, covering acquisitions and cross border activity.

As the growth of the bank is exceptional, there are also vacancies for top quality managers with experience in a major UK bank.

Interested candidates should send a full CV to Deborah Sherry at Douglas Llamblas Associates, 410 Strand, London WC2R 0NS, or telephone 071 836 9501, quoting reference No. FT31091/C.

Newly Qualified ACA
Central London £26,000

* Project Work

* European Liaison

This major property and investment group seeks a high calibre newly qualified ACA. Responsibilities will involve the overseeing of current property developments in Europe. Viability studies, monthly reporting and treasury dealings will be crucial aspects of the role.

Excellent spreadsheet skills are required as are confidence and strong interpersonal skills. Candidates should be from a major firm of Chartered Accountants and have experience with large clients.

Interested candidates should send full CV to Lin Osborne or Peter Green at Douglas Llamblas Associates, 410 Strand, London WC2R 0NS, or telephone 071 836 9501, quoting reference No. FT31091/E.

Financial Analyst

Central London to £40,000 + car

* International Blue Chip

* Exceptional Career Prospects

* High Flying Accountants

A major blue chip group currently seeks a number of high calibre accountants. Candidates must be graduate qualified accountants with a clean exam record, and will have an impeccable professional history with blue chip organisations. Likely candidates should be young and ambitious and willing to take on a demanding role in a most prestigious UK plc.

Interested candidates should send full CV to Stephen Hackett at Douglas Llamblas Associates, 410 Strand, London WC2R 0NS, or telephone 071 836 9501, quoting reference No. FT31091/F.

BIRMINGHAM

021-555 4421

EDINBURGH

031-225 7744

GLASGOW

041-226 5101

LEEDS

0532 348666

LONDON

071-836 9501

MANCHESTER

061-250 1233



RECRUITMENT CONSULTANTS

Finance Director

Cable Television And Telecommunications
Southern England,
c £45,000, Executive Car, Benefits

During this decade an estimated £5bn will be invested in the construction of a fully integrated Cable TV and Telecommunication network which will provide a comprehensive range of telephony and television services to 14.5 million homes throughout the UK.

The client, a subsidiary of a major US Cable company, is a leading multiple systems operator with over 1 million homes and businesses throughout its franchise areas. A £250m construction programme will shortly commence to complete the remainder of its network.

Reporting directly to the Managing Director, you will be part of a compact management team responsible for formulating the company strategy and operating procedures. Specific responsibility will focus on the monitoring of capital expenditure, developing financial systems to provide immediate and accurate accounts on build activity and subscriber data, and creating a financial structure to accommodate the very rapid growth of the company. Aged 35 plus, you will be a qualified Chartered Accountant with a successful track record as a Financial Controller or Director of at least a £20m turnover company. Experience of start-ups and systems development, coupled with the ability to operate in a non-bureaucratic innovative environment will be crucial.

Candidates must demonstrate an open, hands-on style of management gained in a fast moving, commercially progressive organisation. Personal qualities should include vitality, leadership and commitment to high standards.

Male or female candidates should submit in confidence a comprehensive c.v. to: C. Jenkins, Hoggett Bowers plc, George V Place, 4 Thames Avenue, WINDSOR, SL4 1QP, 0753 850651, Fax: 0753-853339, quoting Ref: W1905B/FT.

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, EDINBURGH, LEEDS, LONDON, MANCHESTER,
NEWCASTLE, WINDSOR and EUROPE

FINANCIAL CONTROLLER

Water Industry

c£33,000 Negotiable

A medium sized statutory water company, part of a major Group and based in Southern England, seeks a qualified and suitably experienced Financial Controller, who will report to the General Manager and take charge of its financial and administration functions. This opportunity arises from the impending retirement of the present incumbent.

The appointment offers the chance to join a company at a challenging time as it continues with a major programme of investment. The vacancy calls for an experienced Accountant who can also make a major contribution to the overall management of the company at a strategic level.

You will probably be aged around 35 and have a degree. You will be qualified

and your career must have included the successful management of the financial function in a medium sized company and preferably some corporate financial experience in a PLC. Previous treasury responsibilities would be an advantage.

In addition to salary, remuneration will include a performance related bonus and a company car. The package will attract first class candidates seeking a challenge and excellent career development opportunities.

Please write to Richard Varcos (quoting ref 2042) showing how you meet the above criteria and enclosing your curriculum vitae, to Bull Thompson & Associates Ltd, Alliance House, 63 St Martin's Lane, London WC2N 4JX, tel 071-240 3561.



CORPORATE AND RECRUITMENT CONSULTANTS

Financial Services Consultancy to £45,000

As one of the leading firms in the Financial Services industry, Ernst & Young Management Consultants is continuing to grow through providing innovative business solutions to leading institutions. Key services to enhance operational effectiveness include:

- revenue improvement and cost reduction;
- strategy, organisation and efficiency reviews;
- financial control design; and
- systems design and implementation

Our clients appreciate our approach - working closely with them to develop practical solutions and ensure their successful implementation.

Our success means opportunities for you - specialists in the industry looking for a fresh challenge. You will have the opportunity to build on your experience - working in teams of dedicated professionals providing creative solutions to the key issues facing a wide variety of clients.

In order to strengthen our resources to meet client demand, we are currently recruiting:

- Qualified Accountants with a minimum of 3 years post qualification line management experience in banking or life assurance, plus exposure to planning and implementing financial management systems to address performance measurement; and
- Insurance and Banking Specialists with exposure to formulating strategies for developing markets and product ranges.

Make our success your future. Please apply in writing enclosing full C.V. to Karen Filleul, Human Resource Manager, Ernst & Young Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU quoting reference FS001.

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

désire vous faire part d'un accord publicitaire avec
LES ECHOS

le quotidien de l'économie le plus important en France. Une annonce dans la rubrique "Offres d'Emploi Internationales" dans le FINANCIAL TIMES et LES ECHOS augmentera de façon substantielle l'impact de votre message sur les cadres dirigeants en Europe. Chaque semaine les annonces paraîtront dans les Echos le mardi et dans le Financial Times le mercredi (le vendredi dans l'Édition Internationale du Financial Times). Pour de plus amples renseignements, veuillez contacter:

STEPHANIE SPRATT 071 873 4027

EUROPE'S BUSINESS NEWSPAPER

PROPERTY ACCOUNTING MANAGER International Fund Management Group

Our client is a new subsidiary of a major international group and seeks to establish itself as a leading fund manager in the UK. The company will manage an initial portfolio of £13 billion.

Property investments comprise a significant element of this portfolio and they now seek an ambitious accountant, preferably with experience gained in an environment with property investment or development connections, to be Property Accounting Manager.

Working closely with the Property Services Manager and the London-based Financial Controller, your challenge will be to improve existing property accounting operations substantially. You will be responsible for the integrity of all property accounting systems, controls and procedures, the development of improved management information and reporting systems, and the management of an established team. You will also be expected to provide advice on financial aspects of property management to the Director of Property Investments.

You will be a qualified accountant, most likely aged 28-35, with the ability to effect change and make a major contribution to the development of the property operation.

Benefits include housing allowance and non-contributory pension. A full relocation package is also available.

For a confidential discussion and further information please call Neil Wynn on 071-387 5400 (out of hours on 0923 819298) or write to Financial Selection Services, Drayton House, Gordon Street, London WC1H 0AN, with details of current salary, quoting Ref: 100633.

DRAYTON HOUSE, GORDON STREET, LONDON WC1H 0AN.
TEL: 071-387 5400. FAX: 071-388 0837

FINANCIAL
SELECTION SERVICES

CORPORATE FINANCE MANAGERS

London

Salary negotiable

Touche Ross Corporate Finance has opportunities for outstanding chartered accountants and/or corporate finance managers aged between 24 and 30, with experience in any of the following:

- ☐ Mergers and acquisitions;
- ☐ Advisory services to MBO/MBIs;
- ☐ Stock Exchange related transactions;
- ☐ Investigations and due diligence;
- ☐ Valuations.

Although experience in at least one of the above corporate finance activities is required, you will be expected to handle a wide range of assignments of varying type, size and complexity.

Candidates should have a first class professional examination record or significant relevant experience. They should display strong interpersonal skills and should be ambitious, highly motivated, confident and mature with well developed commercial awareness.

For further details please telephone or write to Bernadette Breen, Touche Ross Corporate Finance, Friary Court, 65 Crutched Friars, London EC3N 2NP. Telephone: 071 936 3000.

**Touche
Ross**

CORPORATE
FINANCE

Audit Regulation Investor Protection

The Joint Monitoring Unit of the three UK Institutes of Chartered Accountants is building up its resources to meet the needs of the new audit regulatory regime. The Unit's primary duty is to monitor for compliance, but its mission has been extended to one of providing positive, constructive and professional support.

Home-based Inspector living within the M25 ring £28 - 33k plus car

Your task will be to undertake monitoring visits to firms to a high and consistent standard in a professional and sensitive way, in order to review their compliance with the terms of authorisation and registration. You will report to a Regional Controller via a Senior Inspector. There are currently over 30 professionally qualified staff in home based teams throughout the UK.

- If you:
- * are professionally qualified as a Chartered Accountant
 - * are interested in the standards of your profession
 - * have experience of quality control and/or internal audit
 - * have written and used operational manuals
 - * are accustomed to devising audit programmes in a regulated environment

then why not apply to join the JMU.

Write for an Application Form to J.B. Holden Esq., FCA., Head of Joint Monitoring Unit, 26 Borough High Street, London SE1 9QG

BOARD APPOINTMENT FOR FINANCE £50,000 - £60,000 + car

The Law Society, the governing body for solicitors in England and Wales, seeks a professionally qualified Accountant to head the Finance function of a multi-faceted organisation with a turnover of more than £40m per year.

The successful candidate will have the status to steer the management Board and Finance Committee on all aspects of the Law Society's finances and have personal authority and accountability for its financial practice.

Energy, vision and a hands on approach are vital to lead the finance team and to work with other colleagues in the Management Division under the overall leadership of an Assistant Secretary-General.

Candidates must demonstrate a substantial record of achievement as well as detailed knowledge of current accountancy standards, computerised financial systems and treasury functions.

The position offers a salary up to £50,000 plus company car and a comprehensive benefits package.

To apply, please send a full CV and covering letter to Jean Thomason, Head of Personnel and Training, The Law Society, 115 Chancery Lane, London WC2A 1PL

The closing date for applications is Friday 25th October 1991 and all applications will be acknowledged shortly thereafter. First interviews will be held on Friday 8th November 1991.

The Law Society is committed to Equal Opportunities

THE LAW SOCIETY

£25K+ PACKAGE

FINANCIAL CONTROLLER

(Director Designate)

A small but highly successful manufacturing company based in the Thames Valley is seeking to recruit a FINANCIAL CONTROLLER. The company has been the subject of a recent buy-out and is seeking to strengthen its management team with this appointment.

The successful candidate will be the senior finance manager in the company and will be responsible for all matters financial and administrative, including company secretarial activities. He or she will in addition, as part of a small senior management team, be directly involved in the day-to-day and longer term management of the business.

This is an attractive position for a qualified accountant; particularly one who has a strong background in management accounting in the manufacturing sector. Of equal importance is the ability to adopt a 'hands on' approach to their work. The position carries an attractive remuneration package and prospects for growth with the organization.

Replies in the first instance should be addressed to:

Mr E A Richardson
MTI Managers Limited
70 St Albans Road
Watford
Herts WD1 1RP

MANAGERS

LOCAL AUTHORITY WASTE DISPOSAL COMPANY

Finance Director Waste Disposal Package to £35,000 + Car

Nottinghamshire County Council has committed itself to forming its own "arms length" company under the Environmental Protection Act of 1990. It is intended that this new company will assume the responsibility of providing waste disposal services to the one million people living the County. Turnover in the first year will be in excess of £5 million.

The Finance Director reports to the Managing Director and these job holders will be the two senior executives in the organisation. You will be expected to play a major role in the formation of the new company and the winning of competitive tenders. At the same time, a key task will be to develop and implement appropriate systems and procedures to provide the management information needed to run the business.

You will be a qualified accountant with at least five years' post qualification experience. You will have had senior management experience in a finance function, preferably in a developing business, and will have implemented management information systems. You will also be used to wide-ranging involvement in business issues but will have retained a hands-on approach to financial management.

Suitably qualified/skilled/experienced applicants with a disability will be guaranteed an interview.

For further details and application forms please contact Debbie Harrison, Personnel Services at County Hall, Tel. Nottm (0602) 823328. Closing date Monday 21 October 1991.

Peter Jones of Coopers & Lybrand Deloitte, who are advising the County Council on this appointment, will also be pleased to provide further information on the background of LAWDC's to interested applicants. He can be contacted on Manchester (061) 238 9191.

The County Council welcomes applications from all, irrespective of gender, marital status, disability, race, age or sexual orientation.



Nottinghamshire
County Council
County Hall, West Bridgford,
Nottingham NG2 7GP



INTERNATIONAL BUSINESS STUDIES

Hanse Polytechnic Groningen, Holland, is a rapidly growing institute offering four-year BA degree courses in Economics, Applied Consumer Sciences and Nutrition and Dietetics.

Hanse Polytechnic is also active in research and transfer activities for the benefit of private industry.

The polytechnic's drive towards internationalization, which has been supported by Erasmus grants since 1985, has been given a further boost through "International Business Studies" (IBS for short) launched in September 1989.

IBS offers a four-year international business education to Dutch and non-Dutch students using English as the sole language of instruction.

Hanse Polytechnic currently has c. 5,000 students and c. 4-40 employees.

For teaching assignment for the IBS programme, we offer employment for a native speaker of English, as of February 1991, in the position of

LECTURER (M/F) IN MANAGEMENT ACCOUNTING FULL-TIME

- Conditions**
- Gross salary between Dfl. 3,509,- and Dfl. 7,528,- per month (based on a 38 hour work week).
 - The appointment is of a temporary nature but may be tenured.

Applicants with an academic and/or business background are invited to apply within two weeks from the appearance of this advertisement. Professional knowledge of subjects related to international business is considered to be an advantage.

Further information on request from Head of IBS Dept. Drs. Theo V.J. Galama on phone numbers 050-747813 (office hours) and 05951-3632 (outside office hours).

Applications to be addressed to Mr H. Knol, Head Personnel Department, Landjeven 10, 9747 AD Groningen, The Netherlands

Hanse Polytechnic Groningen

GROUP AUDIT MANAGER

Surrey

C £45,000 Package

This is a significant appointment with a major diversified service industry group to lead and manage an internal audit function with over 20 staff.

As well as the traditional audit role, the remit will include developing the capacity of the audit team to provide a wide spectrum of objective information and interpretation including the analysis of group wide activities, mainly in the U.K. and occasionally overseas.

Probably aged 40+ the successful candidate will be a qualified accountant ideally of graduate calibre, who will possess the necessary qualities of integrity, energy and professional ability. Firm diplomacy, communication and people management skills should be allied with a mature but investigative approach.

A sound grasp of computer systems and audit techniques, VAT, Data Protection and all aspects of Tax legislation is essential, as is an understanding of the ethos of a large group.

Experience in a senior audit level appointment in a major service group would be ideal.

Please reply in writing only quoting reference CA/101 to:

The Director,
Executive 2000,
Sutton Park House,
15 Carshalton Road, Sutton, SM1 4LE

EXECUTIVE
2000
SEARCH AND SELECTION

Dwyer plc

GROUP FINANCIAL CONTROLLER

(DIRECTOR DESIGNATE)
CITY: c. £42K + BONUS + CAR

Dwyer plc is a listed property investment company with a current market capitalisation of c. £20 million. An opportunity exists to join a small, tight-knit team.

An experienced, qualified accountant is required to maintain an effective and responsive finance and accounting service, together with an appropriate MIS. Satisfactory development will lead to a Board appointment after approximately one year.

Applicants, preferably aged up to 45, must be able to demonstrate:

- current responsibility for all aspects of managing a group finance and accounting function with a small team.
- confidence in dealing with financial institutions, lawyers, etc. in a property investment environment.
- sound knowledge of contract and company law
- maturity, reliability, and strong team skills
- familiarity with spreadsheets and databases

Please write enclosing CV to Michael Leamy, Human Resources Director: Morison Stoneham, 805 Salisbury House, 31 Finsbury Circus, London EC2M 3SQ.

Morison Stoneham

FINANCIAL DIRECTOR

LONDON

£40,000 - 50,000 + Car + Benefits

This is a high profile appointment with a successful family business principally engaged in the operating of hotels and financial investments.

The Company is poised for substantial expansion thus the recruitment of a Financial Director is a key requirement. The successful applicant will be a very important member of a small management team.

The main tasks will be advising the Directors on: Treasury, Investment Management, feasibility studies, taxation, trust related matters and liaison with external advisers. Experience of supporting PC systems will be an advantage. There will be little involvement with day to day to accounting matters.

An accountancy/legal qualification is essential with at least three years experience with a leading professional practice, merchant bank or stockbroker.

Applicants should be aged between 28 - 38 years seeking a long term career working in a close-knit team. Interested parties should send a detailed CV to:

Geoffrey Littman,
23 Greengarden House,
St Christopher's Place, London W1M 5HD

International Finance



£25 - £30,000
+ car

South
Bucks



MARTIN WARD
ANDERSON
FINANCIAL DIRECTOR

Madge Networks Ltd is a fast growing international company involved in the design, production and marketing of a wide range of "leading edge" products for networking personal computers. The Company's token ring technology is projected to become the premier Local Area Network architecture for the 1990's.

With headquarters in South Buckinghamshire and wholly owned subsidiaries in the USA and Japan, the Company operates on a worldwide scale. It's products are distributed through a highly developed international dealer network.

The Company has already achieved substantial revenue and profit growth since it's 1986 start-up and is poised to achieve a \$40 million turnover in 1992.

The growth of the business has created the need to recruit two talented young Finance Managers. These positions are key roles in the planning and control of future development opportunities and will lead to top level management positions in the UK or Overseas.

Applicants should telephone Peter Ward ACMA on 0753 830881 or write enclosing a Curriculum Vitae to Martin Ward Anderson, Lords Court, St Leonards Road, Windsor, Berkshire SL4 3DB.

Specific responsibilities will be tailored to suit the two successful applicants and will include:

- international treasury and credit management
- strategic and operational business planning
- cash forecasting and asset management
- customer and product profitability analysis
- foreign exchange planning and control
- negotiation with banks and customers
- development of computer and management information systems
- project investigations and investment appraisal
- development of costing systems and financial analysis
- recruitment and training of staff.

Candidates, aged up to 32, must be graduate calibre qualified accountants or treasury specialists. Experience gained in an international business will be an advantage and computer literacy is essential. Personal qualities must include excellent interpersonal and communication skills, flexibility and an intelligent approach to problem solving.